CEYLON:

HER PRESENT CONDITION:

REVENUES, TAXES, AND EXPENDITURE.

DESCRIBED IN

A SERIES OF LETTERS

ADDRESSED TO

"The Ceylon Observer"

BY

"SPECULUM."

COLOMBO:
OBSERVER PRESS.

MDCCCLXVIII.

K. DE SILVA
BOOK SELLER
MARADANA
COLOMBO
CEYLON

LOAN STACK

HD1295
C4 S7

PREFACE.

These letters, commenced at a time when a universal depression weighed heavily upon every class and interest in the Colony, were intended to explain its cause and to direct public attention to the sources of the Revenue and to the severe and unequal pressure of Taxation on certain classes of the people of Ceylon.

An accurate knowledge of the proportion contributed to the Revenue by each class and enterprise, being an essential ground-work of a just administration of any Government, an honest attempt to elucidate the subject and afford correct information will be regarded as a valuable public service, especially where, as in Ceylon, ignorance prevails so generally that even the Governor could commit himself in a recent despatch to a statement so remarkably opposed to the fact as that the European class contribute only an infinitesimal proportion of the Revenue.

Whilst such erroneous ideas prevailed with respect to the Europeans and their enterprise it is no wonder that the Export duties were perpetuated, or that our Exchequer overflowing with wealth procured by means of such light taxation should be relieved of its superfluity for the benefit of the British taxpayer. The various classes of the community cannot expect equal justice until the condition of each is fully known, nor can the Colony hope for just treatment from the

624

Mother-country whilst her means are exaggerated and her burdens under-stated.

Since public attention has been given to the important question of taxation, more correct views have begun to prevail, and it is to be hoped that ere long complete and accurate information will be acquired.

A faithful exposition of the condition of the rural population in Ceylon, of their neglected interests, and of their oppression and decline could not fail to excite the sympathy of philanthropic minds, and it is gratifying to see that European colonists who, nine months ago, rarely spoke of the Singhalese race without expressions of contempt are now questioning the grounds of their prejudice, and are desiring to know something more of a people who, though now poor and decayed were once flourishing in the enjoyment of a high civilisation and great national wealth: a people whose ancient enterprise judged by the grandeur of their monumental ruins demands some restoration at the hands of a Government whose neglect has helped to reduce them to their present condition.

If I desired a patron, I would dedicate my work to the Planters of Ceylon, but I value their spontaneous support too highly to invite their patronage and am content that this first instalment of my task should have no other recommendation than its own merits.

SPECULUM.

Index.

LETTER

No. I—Ceylon: her Revenues; Taxes; and the Coffee Planting Enterprise ... *Page* 1
„ II—Ceylon and the Panic of 1866 ... „ 10
„ III—The Ceylon Coffee Companies ... „ 22
„ IV—Misgovernment ... ... „ 32
„ V—The Tax on Paddy cultivation ... „ 41
„ VI—Irrigation and Paddy cultivation ... „ 52
„ VII—Food Supply ... ... „ 56
„ VIII—Native Agriculture ... ... „ 65
„ IX—Statistics of Paddy cultivation ... „ 77
„ X—Paddy Tax ... ... „ 88
„ XI—Grain cultivation: in conclusion ... „ 98
„ XII—The Coffee Enterprise in Ceylon, and the burdens imposed on it by Government „ 108
„ XIII—Coffee Planting: the action of Government during the last Epoch ... ... „ 117
„ XIV—The Coffee Planters and the Government „ 127
„ XV—The Taxation on Coffee Property in Ceylon „ 133
„ XVI—The Coffee Planters, Government and Taxation... ... ... „ 145
„ XVII—The Administration of Ceylon ... „ 154
„ XVIII—The Statistics of Ceylon and its Government ... ... „ 158
„ XIX—The Form of Government in Ceylon „ 168

Letter I.

CEYLON: HER REVENUES; TAXES; AND THE COFFEE-PLANTING ENTERPRISE.

It is but a short time since Ceylon was universally regarded as a conspicuous example of prosperity. Her overflowing revenues; large public works; and unexampled military contribution, were boasted signs of internal wealth and material progress. So deeply, indeed, was this idea fixed in the minds of the Home government, that even yet, when every one else has recognized her altered condition, Her Majesty's Ministers believe her capable of further efforts, and are now laying upon her an additional burden for the Postal Service! Nor can we wonder that they over-estimate her resources, seeing that the people endure the existing scale of taxation without any demonstration of discontent; and some of her leading men have publicly declared that, so far from being heavily taxed, Ceylon was not taxed half enough!

Two successive seasons of drought and deficient crops; a threatened famine; excessive expenditure on estates; the financial panic; shortened usance; and some other causes, have combined to produce a state of depression which is deeply felt by all the industrial classes of the colony, and has involved the

commercial and agricultural interests in serious discredit at home; but, What is all this to H. M. Government? Trade may be depressed; agriculturists struggling; and the people impoverished; but the Government is rich and the Treasury is full!

A gloom so universally and deeply felt throughout the Island has, of course, engaged the attention of the Press; and called forth numerous inquiries and criticisms. Many attempts have been made to explain its causes and to predict its issues; but, as yet, neither of these ends have been effectually answered; and, in the meantime, commercial men and capitalists at home are indulging unreasonable alarm; and the colony is suffering undeserved discredit. In fact, now that relief is near, and good harvests are at hand: when the accumulated weight of many discouragements have been endured without any serious disaster, Ceylon seems likely to have her misfortunes more unreasonably exaggerated in financial circles, than are her boasted resources by Her Majesty's Ministers; and she is threatened with more mischief from *groundless* alarms, than has been inflicted by her *real* misfortunes. It is, therefore, of vital importance to her welfare that the causes of her prevailing depression, and the actual state and prospects of her staple enterprise, should be plainly and fully set forth. The task is not an easy one, nor can it be accomplished within the space of this letter; but it is well worthy of your friendly aid and the indulgence of your readers.

I believe that I shall be able to prove that, besides those immediate and temporary causes whose obvious effects have made them conspicuous, there are others not so easily discerned, but which exercise a far more permanent and dangerous influence. These affect the ultimate destinies of enterprise in Ceylon; whilst those do but concern the present, and will soon be forgotten. Ceylon has withstood the shock of her recent trials; but, in the effort, the weak points of her *system* have been discovered; and it is to those in particular that I purpose to invite attention.

To understand the operation, and measure the effect of recent events in Ceylon; and to acquire correct ideas of her position and future prospects, it is necessary to keep in view certain circumstances peculiar to her Agriculture and Commerce. Amongst the most influential of these, and one which I shall just notice, is the *want of local capital.*

There is no *Native* capital worth the name; nor, for reasons which will be hereafter discussed, is it likely there will be, under the present system of taxation. Enterprise in Ceylon depends, therefore, and must for the present continue to depend, almost entirely, on British capital. The same may, in a certain sense, be said of Australia and other British possessions; but the peculiarity of Ceylon is, that men of capital cannot *settle* here, and consequently the capital imported is not located. Men of considerable capital rarely, if ever, come to Ceylon, because the climate is unsuitable for prolonged residence; and such men are

naturally averse to investing their means in property which they may at any time be forced, by loss of health, to quit. Those who bring their money to Ceylon, are chiefly men of small means, who come to increase them by a few years of industry; and to return home when they have attained that end. It follows that the coffee estates, which constitute the staple enterprise of Ceylon, are to a large extent owned either by absentees, or by resident proprietors, whose means have had to be largely supplemented, in some way or other, by borrowed capital. These properties are therefore dependent, both for their creation and maintenance, on capital which does not *belong* to the colony, and *the profits of which do not remain to enrich the country.* This circumstance influences the value and saleableness of coffee property so powerfully, and entails so many and such important consequences, that its effect upon Ceylon interests, especially at a time of financial panic at home, or when distrust prevails there, can scarcely be exaggerated.

The current expenditure for the cultivation of coffee estates is mainly provided for by drafts on London Houses, to whom the crops have therefore necessarily to be consigned. Unlike the produce of the rice fields of Bengal, the cotton farms of Bombay; and the sheep runs of Australia, all of which is raised and partly brought to market by local capital, * the crops of Ceylon coffee estates are produced by the direct means of imported capital. Hence the consequences to Ceylon of such restrictions as merchants

in London are apt to impose in times of financial difficulty, tell with terrible force on interests so largely and immediately dependent on the London money market. A shortened usance, for example, in Ceylon, not only restricts 'commercial' transactions, but strikes at her 'agriculture'; and tends not merely to check undue speculation, but to paralyse industry. The fact that, after a long period of discouragement, and notwithstanding restricted facilities and a shortened usance, the coffee estates of Ceylon are at this moment, on the whole, in better order and higher cultivation than they ever were before, proves that the enterprise is sound and speaks well both for the merchants and planters.

The difficulty of effecting sales of coffee property, has alway been acknowledged as a cardinal disadvantage of Ceylon investments. It is no NEW thing: it is a necessary consequence of the very nature of the enterprise. The coffee companies owed their origin to this circumstance; and, so far as they were prudently managed, they did estimable service by substituting convertible SHARES for inconvertible PROPERTY: I shall treat of the effect of these companies hereafter. I only allude to them now as a proof of the known difficulty of selling coffee property, irrespective of financial panics or extraordinary depression.

Even in ordinary times, if a coffee estate be forced to sale, how few possible buyers there can be! There are no capitalists to lend a purchaser money; merchants do not care to lock up their means; and it fol-

lows that the only buyers, are those Houses who have the command of British capital for investment, either to buy outright or to supplement the means of such few residents as have a small capital in hand, saved or imported. What then must be the inevitable effect of forcing to sale simultaneously, a number of properties owned and worked as I have described, in a time of financial difficulty when British capital is being called in, and there is none available for investment? What possible criterion of the value of such properties can be drawn from the prices they would realize under such circumstances? The history of 1848 will answer these questions! Happily for Ceylon, in 1866 her Commerce and Agriculture were sounder and stronger; the value of her productions was much higher; and her securities were better held than they were in that disastrous time, or she might now have been suffering the same dreadful experience. The much decried inconvertibility of coffee securities, is no doubt a serious disadvantage to Ceylon ; but it is not peculiar to the present period; is not the special point of the existing depression ; and is no mark of weakness, either in the coffee enterprise, or in those who work it. The actual value and remunerative capabilities of Ceylon coffee estates, are not to be judged by the amount those estates would realize at sale in *bad* times ; nor by what they might fetch at *forced* sale, in *any* times.

Another important peculiarity of the Ceylon coffee enterprise, is its dependence on *imported labour.*

This circumstance has many and varied consequences; but the one which most affects the recent depr ession, is the necessity thereby imposed on employers of labour to provide food for their coolies at *ordinary rates*, when it was only procurable at *famine prices*! When food is dear, trade always languishes, because food is the most essential of men's requisites; and, in proportion as it absorbs more or less of their means, is the amount available for clothing and other purposes. The ordinary consequences of a famine are, therefore, a restricted commerce, and a suffering people; but in Ceylon, where the agriculturist has to feed his labourers, the effect of famine prices of food tells with special and terrible effect; and a great proportion of the suffering, which in other countries is endured by the labourer, has to be borne by the employer.

It follows from the peculiar circumstances herein described, that enterprise in Ceylon has to pay a high interest for its capital; that the interest so paid and a great proportion of the profits earned are *exported*, and do not, as in other countries, create a fund of new capital seeking investment and so nourishing trade and commerce; that even the savings of the labourers, which should add to the capital fund of the island, are *also exported*; and that, in short, Ceylon does not derive her proper advantage from the produce of her soil, the fruits of her commerce, or even from the toil of her labourers.

This subject will be further discussed when I come to consider the system of taxation; and it will be

shown how injuriously the taxes on food operate on Ceylon enterprise.

The subject of my next letter will be the effect, on Ceylon, of the panic of 1866.

26th August, 1867.

Letter II.

CEYLON AND THE PANIC OF 1866.

In my last letter I pointed out some important *general* results to Ceylon enterprise, arising from the *absence of local capital*, and its *dependence on imported labour.* The *special* influence of these causes at a time of financial difficulty, will now be shown in connection with the panic of 1866. It must not be supposed, however, that I deny the existence of *any* local capital, or maintain that Ceylon is *absolutely without* local supply of labour; but only that, in both these respects, she is peculiarly dependent on foreign resources as compared with other coffee-producing countries. Neither in Brazil nor in Java, for instance, would the coffee enterprise be materially affected by any foreign fianancial crisis. They depend, no doubt, as Ceylon also does, on foreign markets for the value of their produce; but that is quite a different matter: they do not also depend on foreign capital.

The mania for Joint Stock undertakings, which had existed for some time previously, was in full force in 1864 when the fall in cotton occurred: and it had

already produced sensible results on credit, both in England and the East. Banks and Financial Companies, of which many were themselves the offspring of that mania, had become deeply implicated in great and questionable schemes, and had a vast sum of money, forming in some instances a portion of their whole capital, locked up in such securities and in cotton. The fall in value of cotton therefore, produced a notable shock in financial circles, and resulted in semi-panic; but the credit of financial institutions was not yet seriously shaken, and as they existed in great numbers, they possessed the power of sustaining afloat a huge amount of paper, by which means the difficulty was temporarily tided over, and the crisis of 1864 passed away. Nevertheless the leading Banks began to foresee eventual difficulty, and commenced in earnest to *restrict credit.*

The first step in this direction which affected Ceylon, was the sudden and total *discontinuance by the Banks of credit to natives.* It was alleged in justification of this harsh and cruel proceeding that their position was unsound; but I have never heard that allegation substantiated, and I believe it to be erroneous. The fact that a great number were ruined and fell was no proof of it; for no trade or commerce, however sound, could endure such a test, any more than a Bank could stand the simultaneous withdrawal of every deposit. There were no doubt *some* reckless traders, but of these the most notable had been made so by the extraordinary facilities given them by cer-

tain Banks, who therefore deserved to suffer for their imprudence. But these were exceptions, and such exceptional cases of reckless abuse of credit were not confined to the native community! Native enterprise *generally* was sound, and was conducted for the most part with ordinary prudence. Whether the Banks had been wise in granting facilities to this class of traders originally is an open question; but having a large sum of money engaged in their enterprise, the attempt to withdraw it suddenly was impolitic and wrong. It inflicted a severe blow upon the community and failed of its intended object. The money was not recovered, but simply lost, and the loss was represented by the diminished value of property. The necessary consequence of the measure was to throw a large amount of property on the market and to depreciate its value. The weight of this blow fell chiefly on Kandy. In Colombo the natives had not only a larger basis of capital, but it was not so much locked up. In Kandy, too, a vicious system of advancing on contract purchases of produce had for some time been in force and kept a large amount of money floating amongst the native contractors, a resource which failed, of course, when financial restrictions began. This stoppage of credit to natives was the *beginning* of the *depression* which still hovers about us and will long continue to be remembered.

Another shock which inflicted discouragement on Ceylon enterprise was produced by the failure of a

large firm here owing to cotton speculations. This house was unfortunately engaged also in coffee estate business to a very great extent, and though their fall was due to *Cotton,* its consequences fell with terrible force on the *Coffee* enterprise, causing many extensive and valuable properties to be thrown *upon a market where there were no buyers and at a time when all the sources whence capital would in ordinary times have been procurable were dried up.* Of course the estates were thrown upon the hands of the London correspondents of the failed house, who complained bitterly of Ceylon securities as unsaleable, and made their story the talk of the city. Scarcely any circumstance in the recent history of Ceylon interests has operated so detrimentally as this in prejudicing the minds of mercantile men and capitalists in London against Ceylon securities. This blow was the more severely felt because it destroyed a certain prestige that Ceylon had lately acquired by the realization at very good prices of a very considerable amount of coffee property through the instrumentality of the coffee companies.

The *failure of the Crop of* 1865 did not brighten the aspect of Ceylon affairs! Nor was the increased cost of production of our staple and the *high scale of Estate Expenditure* at all calculated to improve our prospects or increase our credit!

The drought which caused the failure of the coffee crop of 1865 in most of the lower districts, seriously affected the cocoanut and paddy crops also, and added

much to the depressing influences which were already at work. Nor were its effects confined to Ceylon. The Southern districts of India suffered even more severely than we, and poured forth their starving people to our devoted Isle, to be fed at the cost of our straitened coffee-planters, to add to their already high expenditure, and ultimately to draw heavily on the costly rations of the famine of 1866. These immigrants remained on the plantations throughout the year, instead of returning as is there wont, to their own country after crop, for there was famine there already.

In 1865 when the drought came upon us with its ruinous discouragement, *Estate Expenditure* had attained its height, and its influence at that critical juncture was very depressing. The cost of production had been raised to a point so dangerously near the market value of coffee, that there ceased to be a safe margin for the high interest to be paid on the capital engaged in it. Estate debts were in many cases increased, and the value of securities of course diminished.—The necessity for retrenchment of expenditure had already led to a vigorous movement, but it had not yet produced any sensible result and is only *now beginning* to operate with any marked beneficial effect.

It will thus be seen that when the panic of 1866 occurred, Ceylon was suffering from the continued effect of several severe discouragements, and was already in a depressed and weakened condition: she was but ill prepared to sustain the additional shock of so

severe a financial crisis and the further disasters she was destined so soon after to encounter.

The fact that the panic was not connected in any way with Ceylon or her produce, but owed its origin entirely to joint stock schemes and the fall in cotton, caused the force of its first fury to fall on those financial institutions which were most deeply implicated in cotton bills and bubble schemes—Ceylon suffered only by virtue of her dependence on the London money market, and by the failure of those Banks whose losses elsewhere, brought down their branches here.

Few of the London houses most immediately and largely connected with Ceylon suffered seriously by losses on cotton or by speculative schemes, and as the value of Ceylon produce was on the whole well maintained, the panic did not operate suddenly here. It is true that Ceylon had not *entirely* escaped the joint stock mania, and the coffee companies were amongst the first to feel the crisis; but as this occurred in London, and produced no immediate local effect in Ceylon, I reserve the matter of the companies for future discussion. Suffice it to say for the present that, had the financial crisis lasted only the usual length of time, and had the city delirium spent itself after a few days or weeks, Ceylon would have been comparatively unaffected. It has been already shown that she was suffering from a combination of many serious discouragements, and the panic of 1866 would not have materially aggravated her local misfortunes if its in-

fluence had been confined to the ordinary period of such panics.

The restrictions imposed upon her by the London houses in consequence of the failed crop and heavy expenditure of 1865, were of course renewed and redoubled, but nevertheless the estates were all in order and no traveller coming to Ceylon would have judged from their appearance that the coffee enterprise was in a dangerous or prostrate condition. Whatever the weight of the burdens lying on it, there was *strength to bear them,* and no threat of disolution or sign of distress appeared in the great European enterprise.

At this juncture a good bumper crop would have changed the aspect of affairs, but instead of that, another partial failure of crop occurred and was accompanied by a calamity almost as serious, the famine of 1866. These events would have been of grave import *at any time,* but at this crisis of affairs they fell with fatal effect. The estates were inundated with coolies who had to be fed at the expense of the Planters at the time when expenditure was at its height,—financial restriction in full force, food at famine prices, and a second successive crop had failed!

In the meantime the financial difficulty in London had become chronic. It could no longer be called panic, but the prevailing sense of distrust, and the resolute determination to *realize* all securities, kept *down* the value of all *share* property and foreign investments. In times of financial embarrassment and distrust, the custodians of capital are both indiscriminating and un-

reasonable—actuated alternately by the blind confidence which characterizes times of plenty, and the panic-stricken fear and distrust which are the natural reaction. These principles operate in *cycles* which have become matter of calculation. The panic of 1847 and 1857 seemed to have established the decennial theory, and the semi-panic occurring in 1864 caused much discussion in consequence of its disturbing this theory. Till this took place, economists were looking forward to the city seizure in 1867, with as much certainty as a doctor predicts the crisis of a fever.

When money is abundant almost any bold and unscrupulous schemer can get credit, and almost any scheme, if well *promoted,* will attract capital. At such times, prudent men who conduct their business on sound and safe principles and do not abuse the credit they enjoy, are stigmatized as *slow*; whilst those, who having nothing to lose, can afford to go ahead, are called *rising men.* Their bold proceedings find employment for large sums of money, and figure respectably in the schedules of the Bank returns and they answer a present purpose in times when future consequences are not much considered. Hence when the *reaction* sets in, men whose whole assets consist of a horse and bandy, are found to have incurred liabilities of a million or two!—The cure sagely prescribed for this sort of thing by the united wisdom of all the Banks in 1866 was to shorten the usance of commercial bills. Four months bills, forsooth! were to keep out of commerce all but men of sufficient capital!—By the four

months' bill you shall know him, whether he be a man of straw, or a man of capital! These same institutions who had lent millions to Back-bay and other vast schemes,—advanced to within ten per cent of its value upon cotton when it was at six times its normal value and was liable any day to fall fifty per cent. by the fate of a battle or the word of a President, and had risked millions to men who had nothing but a *name*:—were all to be imbued with discrimination and converted to prudence and wisdom by refusing to take six months bills from steady-going merchants who had never been known to dishonour an engagement! If the crisis of 1866 had been caused by an *insufficiency* of capital in the Banks to meet the demands of commerce, the restriction would have been reasonable, because its effect would have been to require more of the merchants' capital and less of the Banks'. But such was not the case, the *super-abundance of capital* seeking employment was the stimulus which had created so many financial institutions of various kinds, and it is notorious that when the ordinary and safe means of employing it did not suffice and yield the dividend necessary to satisfy shareholders, it was embarked in riskful speculations and wild schemes. A rude reckoning was of course certain to follow some time, but it was regarded as an event too far distant to cause any present anxiety. It came, however, as the fruits of folly are apt to do, before it was expected!

The panic of 1866, violent as was its outburst,

did not at once eradicate the disorder of financial affairs. Numerous large houses in London and in the East, whose gigantic speculations had engaged to an enormous extent the capital of the leading Banks, could not be allowed to fall, as their failure would have exposed the liability of the Banks, and alarmed their shareholders. Private arrangements were made to keep them up and to put a fair surface on affairs, but it was known that a vital sore rankled beneath and therefore, so far from there being a restoration of confidence, distrust continued to prevail and increase. Even yet it is but partially allayed.

In this state of financial affairs the effect produced amongst Ceylon connexions in London by the news of the deficiency of the crop of 1866, and the loss incident upon the famine, was far more prejudicial than any previous discredit we had suffered. Though the shares of the coffee companies were generally well held, some were then forced upon the market and their reduced value helped to proclaim the depreciation of Ceylon securities. The shares of those companies especially which were known to have incurred heavy debts in extending cultivation, fell ruinously low, as their properties, though good in themselves intrinsically and more valuable than ever they had been, were of course at the mercy of the mortgagees. Everything seemed to conspire, both here and in London, to prejudice Ceylon. Her local misfortunes were heavy and depressing, but her dependence on a money market so thoroughly disorganized, at a time when she

needed indulgence, was a great aggravation of her enbarrassment. The shortened usance came into operation, too, at the most critical period of her depression.

Planters heard with dismay by each mail, of new restrictions from home. Their agents, quoting the instructions of their London correspondents, gave notices of foreclosure of their mortgages, right and left,—"regretted" the painful necessity laid upon them,—hoped it would not cause them any inconvenience,—and warned them that there would be sacrifice and no mercy if the money were not forthcoming in due time! A little fresh air and a look at their coffee trees restored their breath on these occasions, and they must have wished those hard folks at home were here to see their plantations.

If, at this juncture, the securities on the coffee estates had been held as largely by city merchants as they were in 1847, not even the combined influence of the fine condition of her plantations,—the high value of her produce,—and her already economized expenditure would have saved Ceylon from a repetition, to some extent, of the disasters of that ever memorable period! *Happily, however she has for several years been drawing an increasing proportion of her Capital from private sources,* chiefly from small capitalists acquainted with her enterprise, and many of whom have themselves retired from it, leaving part of their capital behind.—*To this circumstance she is indebted for her comparative safety during the trials of* 1866-7, and its

effect is to mitigate in a very important degree the danger of her dependence on foreign resources. This class of capitalists is less subject to the influence of panics and the infection of unreasoning distrust than city merchants. Even when they are alarmed, they are more amenable to reason, less disposed to precipitate action,—and more unwilling to endure ruinous sacrifice than men who have many bills to meet! In my knowledge few planters have had their *private* loans called in, whilst many have had notice from their London "friends." It is impossible to escape altogether the disadvantage of dependence on a foreign money market so given to spasms as that of the big city, but if Ceylon planters could draw their capital from private sources they would reduce that risk to a minimum.

No stronger proof of the soundness and stability of the coffee enterprise could be desired than the fact that at this moment, after all the accumulated discouragements which it has endured for three years past, and in spite of a ruinous taxation, the coffee estates are on the whole in as fine condition as they ever were! If there are some old ones exhausted by bad management or neglect, there are many other equally old ones which prove by their vigorous appearance and fertility, that exhaustion is not a necessary consequence of age, and that estates well managed are permanent. The coffee enterprise is not to be estimated by its recent misfortunes, but by the *present condition of the estates.*

Ceylon *interests* have been *depressed,* but Ceylon *property* has not been *deteriorated.* Ceylon estates were never at any time intrinsically more valuable than they now are, and they offer security which may safely be recommended to all those capitalists who are not involved in such engagements as might require them to realize suddenly. Ceylon securities are not suitable investments to those who want their money at call, but the high interest they pay is a great and sufficient inducement to all who desire permanent investments: would that they were better known at home.

In contending for the general good condition of coffee estates, and the soundness of the enterprise at the present time, it is not denied that there are some miserably worthless properties and some recklessly bad men in Ceylon; but there are such exceptional elements in *every* country and enterprise, and *Ceylon has not more than her share of them.* They are not therefore worthy of any special mention in the history of the present depression, though it is of course in such times that their existence is brought to light and their evil influence most mischievous.

My next letter will be on the influence of the Coffee Companies.

Letter III.

THE CEYLON COFFEE COMPANIES.

The Coffee Companies have provoked rather severe criticism in these times when every one

wants something to blame for the prevailing depression. I have heard one person go so far as to attribute the whole mischief to them, and there are many who think they have had a good deal to do with the discredit into which Ceylon has lately fallen. It will not be difficult to show, that they could not possibly have done any harm to the credit of the coffee enterprise, prior to the decline in the value of their shares; and even this decline, which has no doubt contributed to our discredit, is not without its mitigating circumstances; for, if some shares have fallen ruinously low, others maintain a high value, even in these times when share property and foreign investments are so much depreciated. This fact proves that the fault is not in the enterprise itself, but in the special circumstances of the companies whose shares have fallen so low.

As the companies are not all in the same category, they must first be classified before they can be properly discussed.

The old private companies are not included by any one amongst the causes of mischief. They have been beyond all doubt a great benefit to the Island. Their estates, being represented by shares, have changed hands without being forced upon the market, and have been steadily held and profitably worked. They were amongst the pioneers of coffee cultivation in Ceylon and suffered in their early investments such losses as almost always attend explorers; but, though some of their experiments failed and served as beacons to warn their successors, others succeeded

well, and pointed the way to profitable investment. These companies have, therefore, earned and enjoyed the good-will of all concerned with the coffee enterprise, and may be dismissed from the discussion without any imputation whatever.

It is with the *new Limited Companies* that we have to do. Of these, the first two or three were originated by parties who held considerable amounts of Ceylon property, which they knew they could not sell except by a rare chance, or at a ruinous sacrifice. People at home would not buy them, because they do not care to invest large sums of money in foreign property; and people here have not money enough to purchase large ready-made estates, except as very great bargains, and even then but very rarely. Men of small means prefer to open new plantations. In fact it has always been the bugbear of Ceylon that estates could not be sold at anything like a fair value, except by occasional chance, and have therefore had no reliable *market value.* The founders of the first of the new companies were shrewd city men, who saw the advantage of converting their property into stock represented by shares, and who also perceived that a company, established with a capital such as would enable them always to be buyers in a market where there were scarcely any competitors, would be able to acquire good paying properties on very reasonable terms from time to time when offered. Nothing could have been better calculated to promote the interest of the coffee enterprise than the *market* provided

by such a company; and it is a fact, that, after the establishment of the company in question, coffee estates began to have, not only a *nominal* value to their possessors, but a *real* market value! The *realization* of an estate ceased to be a mere matter of chance. Several estates passed gradually into the hands of the new company, including some very large ones, the sale of which, by any other means, would have been simply hopeless. In these transactions all parties benefitted: the seller met a buyer, and the company found safe and profitable employment for capital. Such a company under good management, fulfilled the conditions so tersely laid down by the "Economist" for the sure guidance of investors, employing capital not in riskful experiments, but in a prosperous and established enterprise, *capable of paying a good return for the capital to the lender, and a fair profit besides to the borrower.*

It is not intended to discuss the *management* of any of the companies, as it is not a fit subject for a public correspondence, nor is it at all material to the argument:—bad management would of course lead inevitably to depreciation of shares, want of confidence, and loss of means in ANY concern, however good; and its effects would be greater on a foreign enterprise out of view of the shareholders, than on one whose operations could be better observed. Whatever effects may have been produced on the credit of Ceylon enterprise by this cause, must be left to be inferred from the different results and circumstances of

the several companies. But if we avoid criticism and comments on the delicate matter of the *management of the companies,* we need not refrain from discussing the *principles of their formation* which have had a vital influence on their present position. If, for instance, a company were formed without any working capital, and were to extend its operations by means of borrowed money, it is obvious that in a time of financial difficulty, it might be seriously embarrassed, however good the enterprise in which it might be engaged. The mere fact of their indebtedness at such a time, and being holders of property which could not be sold and which they had not the means to work, would be sufficient to put them into the most imminent jeopardy. *

Unfortunately this radical error was committed in the formation of several of the companies. One of them, of which I happen to have some knowledge, started with a capital barely sufficient to pay the purchase money of its properties; and forthwith doubled the area of cultivation, and purchased another estate more valuable than any it originally possessed. Of course the new plantations and purchases had to be carried out by means of borrowed capital. Had money continued plentiful and credit good, there would have been little or no difficulty in raising money on debentures; and this company might still have done well, for their new investment was very productive and their extended cultivation was good policy. They had paid too dearly for the estates they started with; and these subsequent operations, whilst adding largely to the

value of their property, had the effect of reducing the average cost. When the financial crisis of 1866 occurred, this company was largely indebted and was therefore essentially weak ; but it had also suffered in a special degree from the failure of the crop of 1865. Add to these discouragements the yet more serious *failure of its Bankers and guarantors,* and it will be no longer surprising that its shares fell, but wonderful that it survived the shock of such multiform disaster! Several of its chief supporters fell victims to the financial pressure; but fortunately, there were still remaining amongst its members substantial men who came to the rescue; and they were strong enough to make financial arrangements even in the height of the crisis, whereby the estates were all worked as effectually as before the crash. Few of the shares of this company were thrown upon the market in 1866, the greater part of those belonging to failed members having been taken up by others who remained staunch ; but after the failure of the crop of 1866 and the losses by the famine and continued financial pressure, many shares were forced to sale, and with such result as might have been foreseen. Still it is nevertheless a fact that the estates of this company are *on the whole* very fine and remunerative properties, and the enterprise in itself is a good one. Two droughts in succession, a famine, a financial crisis of unparalelled intensity, and the failures simultaneously of its Bankers and guarantors were *unforeseen accidents* which few enterprises in the world would stand. I main-

tain, that the market price of shares in a company so circumstanced at a time of financial embarrassment like the present, is no criterion whatever of the coffee enterprise, and is no reproach against Ceylon.

It is alleged that the credit of Ceylon has been ruined in financial circles by the *exaggerated expectations* raised by the promoters of the recently formed companies, and the disappointment which they have occasioned; but it must not be overlooked that the men who made those promises, staked most on the venture, and suffered most severely by the disappointment! This is fair proof that they themselves believed in the prospects they held out. Wilful misrepresentation is so perfectly indefensible and abominable, that men who would lend themselves to it deserve the strongest censure; but there is reason to believe that it has not been influential in any important degree in producing the disappointments of which every one complains. It is a common weakness, almost a characteristic of enterprising men in general, that they are over sanguine, and given to strong views and expressions. These are not to be defended, certainly; but neither are they to be confounded with the wilful deceit of the impostor. To put these in the same category is to pronounce a common condemnation on some of the best and the very worst and most contemptible of men. Particular cases might be cited from the Ceylon prospectuses, which on the most charitable construction could not be justified; but, on the whole, the expectations held out to Shareholders by

the statements put forth, would have been sufficiently realized by the result, to satisfy them with their investments, if it had not been for the unforeseen disasters already mentioned. More than one of the companies have in fact yielded very good returns, notwithstanding all the misfortunes to which they have been subject! The effect of a bad harvest, even in our own rich country, is serious enough to cast a gloom over trade, what then must have been the effect on our poor enterprise of two successive failures of crop occurring at a time of financial embarrassment and along with other misfortunes! It must be admitted that the promises made the shareholders have not been realized, but before condemning too strongly the men who made them, it is only fair to consider the circumstances which led to their disappointment. When these are considered it will be seen to be due far more to unforeseen disaster than to wilful exaggeration and to be no fair ground for discredit against Ceylon or the companies.

Another feature of the companies, which has been severely criticized and justly condemned, is the immoderate sum given in some cases for *promotion money*. This is a matter rather of a personal nature, and affecting the character of individuals rather than the credit of the enterprise. Still it is a rankling cause of discredit in many minds and therefore merits notice. In this particular the coffee companies have, however, less ground of complaint than most other joint stock concerns with which I am acquainted,

for, in their case, the shareholders got in return a guarantee of dividend for 3 years! The promotion money was a high price to pay, and a wrong way of paying for a guarantee, still, this was an important concession *and would have counteracted to a very great degree the failure of crop and other misfortunes of the companies if it had been carried out!* And is it any just ground of discredit to Ceylon or to the companies that the guarantors were ruined? What had Ceylon or its companies, to do with the failure of Agra and Mastermans or Hallett Ommaney & Co? They might as fairly be charged with the fall in cotton; the panic of 1866; or the failure of the Railway contractors!

The coffee companies share to a large extent the odium and discredit in which joint stock concerns almost without discrimination are now involved; but they have no analogy whatever with those bubble schemes and rotten concerns which formed so considerable a proportion of the undertakings which were joint stocked during the mania, and which made the very name of a limited company a stench in the nostril! They may have paid too dearly for these properties and have held out too sanguine promises; some of them may have been injudiciously constructed and have suffered somewhat from designing men, but their properties are on the whole good and remunerative, and for the most part quite first-rate. The great distinction between the Ceylon companies and these bubble schemes is that whereas the shareholders in

these have little or nothing to show for their money, the property of every one of these companies is more valuable than it was when it was bought. The shareholders of the coffee companies have not awoke from a dream of valuable possessions to discover that no such possession ever existed or that they have been dissipated. They have well-conditioned valuable properties capable of yielding a handsome return even upon the high price they paid for them.

Their enterprise is sound and does not *deserve* the discredit which the *cry* of the time and the accidental misfortunes of two years have fixed upon them.

It is worthy of remark that the coffee companies suffered in a remarkable degree from the droughts of 1865 and 1866, the properties of several of them being situated in districts which were most severely affected by those visitations.

It is most important that the influence of the companies should be fairly and dispassionately considered, and that they should not be unjustly and indiscriminately condemned, for they certainly fulfil a most beneficial function for Ceylon enterprise; and might conduce more effectually than any other practical means to counteract the deficiency of local capital and give coffee estates a *market value.* If judiciously constructed and well managed, coffee companies with sufficient capital, investing on good estates in different districts and at different elevations, so as to ensure fair average crops, would yield dividends little inferior to those promised by the sanguine promoters of the

present companies; and would exert a powerful influence for good at home on behalf of the colony, by interesting large *bodies* of people there in its well-being. How little Ceylon is *at pre ent* known even to British legislators is proved by the fact that one of H. M. Ministers only last session mis-stated in Parliament without fear of contradiction, the very principle of the local Government and the relation of the colony to the mother country!

Having traced the influence of the *extraordinary* events of the last three years, I purpose in my next to treat of the more *permanent* influences of taxation and misgovernment.

Letter IV.
MISGOVERNMENT.

The recent depression of all Ceylon interest s (excepting always the Public Exchequer,) which has formed the text of my previous letters, has no doubt been *mainly* caused by the recent disasters therein described; but, besides these temporary misfortunes whose magnitude and force have made them conspicuous, there have been other causes at work whose influence, if slower and less obvious, is nevertheless more permanent and destructive. *These* will continue to operate when *those* shall have been forgotten! Droughts, famines and pestilences inflict

dire suffering on mankind, but their effects though terrible are *temporary*. The *permanent* degradation of a people can only be effected by the pride, avarice and folly of their rulers. Providential dispensations may check the progress of a nation for a time, and cause lamentation and loss, but these are speedily succeeded by more solid prosperity. Misgovernment is the only agency by which nations are ruined; peoples extinguished; and the fair face of nature beshrouded with lasting devastation. The black death carried off one-third to one-half the population of Great Britain; but, even after the dreadful visitation, " population soon righted itself"; and, in little more than the length of time that the pestilence required to do its work, the operation of natural laws restored the population to its original numbers, and to more than its former prosperity! Far different are the effects of Misgovernment, or a vicious system of Taxation.

The present condition of Ceylon affords a striking example of the results of misgovernment and fiscal oppression. Some of the grandest public works ever constructed by man, lie in ruins to attest the glory of the *past* and the prostration of the *present* condition of indigenous enterprise. A people stunted in physical appearance and dwindled down to a mere fraction of their ancient number, are a ghastly monument of misrule. An industry, once equal to the production of grain enough to feed half India, is reduced by a vicious system of taxation and oppression to a scale so low, that it cannot provide sustenance sufficient for its

attenuated population! Such are the natural and inevitable results of a system of which Sir James E. Tennent says "*it would be difficult to devise one more pregnant with oppression, extortion and demoralization.*" If it be a fair reproach against the great Napoleon that, by his bloody wars and excessive conscriptions, he reduced the stature of the French people by an inch, what language of condemnation shall be found strong enough to denounce a system which in effect devotes a people to slow but certain extinction?

To those local interests with which Europeans are best acquainted and most indentified, the recent depression is a *new* condition; but not so to *native enterprise,* which has been for many generations suffering the blight of a bad system! Recent droughts and misfortunes have but *aggravated* the disease of which indigenous agriculture has been for ages dying; and the same administration under which this desolation has been wrought, will be as regardless of the interests of the British enterprise as they have been of native agriculture, unless timely measures be taken to obtain a better Government.

In my former letters I have had occasion to allude to some distinctive features of Ceylon enterprise; and I must ask your readers to keep them still in view, as they have a powerful influence on the tax-paying power of the country.

The fact that Ceylon imports the labour for her staple industry, and *exports* a large proportion of the *savings* of such labour, has a direct bearing on her

ability to pay taxes, seeing that these must either be paid out of profits, or extracted from the capital of the country!

Her dependence on foreign capital for nearly every enterprise except the indigenous grain culture, which is in process of extinction, has also a direct bearing on the ability of Ceylon to pay taxes, because it entails the necessity of exporting profits, either in the form of interest to the foreign lender, or of income to the absentee proprietor.

The absence of the means by which capital should be created by any important branch of her industry, has a constant and repressive influence, and makes Ceylon peculiarly sensitive to any temporary disaster. The want of an adequate reserve fund of former profits to meet present losses, reduces to a minimum her tax-paying powers.

Besides these circumstances, others not previously noticed will have to be considered in relation to the existing system of taxation; but for the present, I shall only point out the very important fact that *Ceylon depends on foreign supplies for a large proportion of her grain*; and raises the rest of her requirements under the old and vicious system of extortion, to which allusion has been made.

The subject of taxation is one on which political economists of the highest attainments have exhausted their powers without establishing any code of universal application. There are in all countries special circumstances of local Government; tenure of land;

character and habits of the people; and nature of the soil, climate and industry, which influence materially the mode and measure of the taxes most suitable to their capabilities. Ceylon is subject to the influence of so many such peculiarities; and these are, in some instances, so unlike any conditions common in more civilized countries, that ordinary rules are generally inapplicable: still there are certain principles and maxims so elementary as to be of universal application; and which are essential conditions of any system whatever, that could with justice or wisdom be adopted. To such principles I shall confine my remarks; nor shall I require, for the purpose of my argument, to appeal to any but the most indisputable principles of justice and policy. I shall be satisfied to prove that the existing system of taxation in Ceylon is directly at variance with these essential principles: unjust, oppressive discouraging to industry; and tending to restore the country to its primeval jungles and the people to savagery.—This is my libel; and, to prove my case, I shall call in witnesses from every class of the people; not only from the rice cultivators, whose sole dependence is on indigenous capital and resources, and who have already realized their fate in part; but, also, from those who have acquired wealth from *imported* capital and British enterprise, and are yet, in spite of many misfortunes, thriving. These two classes require to be considered separately, as well as in their mutual relations to each other. The case as regards the former will be easily proved, but will not

excite much sympathy in the minds of those of your readers who have been taught to refer the degenerate condition of the natives, and the depressed state of agriculture to apathy and indolence. The too prevalent habit of contemning the natives, and reproaching them for their misfortunes, is a grievous wrong; but the example comes from high quarters, and it will not want imitators, as long as it removes the onus of a great political crime from the shoulders of those on whom it should rest! It is barely conceivable that men boasting the British name, and some of them pretending to political knowledge *and* influence, *aye, and Manchester men too,* should have been content to live and thrive a decade or two of years in Ceylon without reforming a system so demoralizing and destructive!

As regards the latter of the two classes just mentioned, comprising those natives with whom Europeans have chiefly to do, they are no doubt, in a far better condition than the former; and present many marks of prosperity and wealth; but their numbers are *very few!* Located in the principal towns, and frequenting those highways and districts where our staple enterprise is carried on, they form *the great proportion of those with whom Europeans come in contact*; *but are, nevertheless, a very small fraction of the native community* and are almost as alien from it as we ourselves. The fact, by the bye, that Europeans generally form their opinion of the people from this particular

class, accounts for the erroneous ideas of their character which generally prevail. It is often remarked by old residents, in proof of the advantage to Ceylon of British rule, that the habitations and general condition of this class of the people have been so much improved; and they point to the tiled houses, where, formerly, there stood only thatched mud-huts; but this improvement is confined within very narrow limits and is quite superficial. Behind this improved *frontage*, and beneath this fair *surface*, all is yet *poverty*, *squalor* and *decline!* Even this small section of the native community, who enjoy the rare blessing of some substantial prosperity, owe it to the immunity which the profits of *trade* enjoy from the extortions exacted on the returns from *agriculture*; but, be it observed, their trade and profit depend altogether, directly or indirectly, on the success of British enterprise, and will continue only so long as this flourishes. Indeed it is self-evident that a country which has no manufactures or mines worth mentioning, must depend for its progress on the success of its agriculture; and its tax-paying powers must be measured by the profit that can be acquired from the products of the soil. The only evidences of prosperity existing in Ceylon, are those which may be traced to the cultivation introduced and mainly carried on by Europeans; and *whatever militates against the success of this enterprise, tends directly to the ruin of the country.* Let this interest be overburdened by taxation, or sacrified by misrule, and every existing sign of pro-

gress or prosperity will disappear from the Island. Let the Government extract from it, as they did from cinnamon, revenues utterly disproportionate to what it can fairly contribute, and coffee will be driven, as cinnamon was, to more hospitable territories; and will exist in Ceylon, like it, as a reproach and a shame.

Perhaps I may be reminded of the Pearl Fisheries, as a source of wealth independent of the soil; but I shall refer to this subject in the sequel, it is not material to my present purpose.

I shall proceed to enumerate some of those essential conditions of any just system of taxation to which I have alluded already, and to which I shall again hereafter refer:—

Firstly.—Taxes should be so adjusted that the people could not only pay them out of the profits of their industry, but still retain such a share of these in hand as to provide for the creation of capital, the progress of the nation, and the development of its resources. Otherwise, there would be no reserve fund against misfortune, nor any means of material progress. It is self-evident that if the people contribute to the revenue more than their average profits, their capital would be reduced, their industry discouraged, and their number diminished.

Secondly.—Taxes should be certain, and defined, that the tax-payers may not be subject to the corruption of assessors; the extortion of renters and collectors; or the caprice of the servants of Government.

Thirdly.—The system of taxation should be such as to stimulate the industry, develope the capabilities, and promote the social and moral progress of the people.

It is manifestly unwise and impolitic to lay heavy burdens on those particular sources of profit on which the prosperity and progress of the country depend. These being the fountain of its wealth should be stimulated and encouraged. Capital should be attracted to them, and not driven to other less productive employments.

Fourthly.—Taxes should be levied upon the people according to their ability to pay them. The rich of their abundance should pay largely and the poor should not be called to pay more than a fair share of their smaller means. It is manifestly wrong that a rich man, having many dependents, should contribute no more to the revenue than the people who serve him.

Fifthly.—The amount of taxes which may justly be levied should never exceed the sum which is absolutely necessary for the administration of Government, after the observance of the most rigorous economy of expenditure. There are many public works which it is the duty of Government to undertake and execute, and for which they have a right to reimburse themselves by special impost; and it is necessary and fair to apply revenue to the execution of such works; but there can be no excuse for exacting more revenue than can be expended, and thus drawing the capital

of a country from profitable employment to hoard it in the Treasury where it is absolutely unproductive, or to lend it on interest to a richer neighbour. These are not *all* the conditions necessary to a just system of taxation; but they are indisputable, and will suffice for my purpose, which is, not to write an exhaustive treatise on taxation, but only to shew the impolicy and injustice of the system which is in force in Ceylon.

Letter V.
THE TAX ON PADDY CULTIVATION.

The taxes levied on paddy cultivation claim my first attention, not only because they affect the staple indigenous enterprise which occupies the bulk of the rural population, but because they exhibit most forcibly the natural and inevitable consequences of misgovernment.

The strongest expressions I have used in stigmatizing the conduct of the Government towards this class of the people, are justified and confirmed by evidence I shall adduce from officers of the Crown, whose statements are entitled to great weight, as coming from men who had almost unlimited means of information, not confined to particular localities but extending over the length and breadth of the land. It is not surprising that we find the strongest denunciations of the prevailing system coming from those

who were required to administer it; for, though the rulers appointed from home to the Government of Ceylon have *generally* been content to seek favour and advancement by perpetuating the "old and vicious" system without protest, there have been some amongst them who, with higher principles, nobler motives, and a better appreciation of the duties of their office, have sought its abolition by an honest exposure of its evil consequences. To these I am indebted for the information which first stimulated my inquiries into the natural condition of the people. Conclusive as is the evidence of these authorities, however, I shall not rest on it alone but support my case by appeal to facts and figures.

As early as 1832 the existing system of taxing paddy lands was condemned by a Government Commission; its abolition was strongly recommended by them; and, subsequently, by the Legislative Council in 1841.

In 1846, Sir Colin Campbell, in a despatch to Earl Grey, alludes to "apprehensions on the part of Lord "Stanley and Mr. Gladstone that the system of taxa- "tion operated prejudicially to the growth of industry "and the improvement of the Colony." In what manner these shrewd apprehensions had been expressed I am not aware: probably in some despatch; but it is certain, that the two statesmen named were sufficiently acquainted with our system of taxation to see its *tendency*. Sir Colin alludes to the "*pressure and discouragement*" caused by the taxes on food and cul-

tivation of rice as no *new* thing, but as "having already "been sufficiently explained by the Committees of "1841 and 1842."—He characterizes the duty on rice as an "obnoxious impost" and the assessment on its cultivation as "still more objectionable." It is evident, therefore, that about this time the subject was engaging the attention of the authorities both here and at home. In 1847 it was taken up in an elaborate report by Sir J. E. Tennent, who performed his work in a masterly manner and seems to have anticipated some immediate result; for, he says, "the time has "arrived when it has become the duty of Govern- "ment to remove the old and vicious scheme of tax- "ation."—It remains to be seen why the Government has not *yet* recognized its duty, and why the same injurious system continues in force notwithstanding that twenty years have elapsed since it was so thoroughly exposed and its ruinous effects were so graphically described. He assigns the system of taxation as the reason why cultivation "of paddy was *diminishing year "by year*, and the *poverty of the people increasing*." He says that though Agriculture is the sole pursuit of the people, "they cannot raise food enough for the con- "sumption of their own families and dependents"! He gives a vivid picture of the vexatious mode in which the tax is levied, and of the "incessant opportunities it affords for oppressive extortion and annoyance of every kind," and declares it "*can never be reconciled with sound policy*"—He describes the unhappy cultivator as being "handed over to two successive sets of

inquisitorial officers." "No sooner is he rid of the *Assessor* than he falls into the hands of the *Renter,* who, with law on his side, finds himself vested with unusual powers of "vexation and annoyance." No wonder that the "rigour and extortion" practised by these functionaries provoke "cunning and subterfuge" on the part of the vexed victim, and that his character is *demoralized!*

Sir James further depicts the discouragement which the system of taxation opposes to any attempt to extend cultivation by the reclaiming of waste land, as it only exposes the "harassed proprietors" to fresh visits and new extortions from the officers of Government.

One of the most startling statements in this Report is, that the "share of the tax which eventually reaches the Treasury, *does not form half the amount thus extorted by oppressive devices from helpless proprietors*"!

I believe the report of Sir James Tennent was accompanied by separate reports from other officers of the local Government, and was submitted to a commission at home consisting of Messrs. Hawes, Tuffnell, Lefevre and Bird, who accepted it as an accurate statement of the case and "*had no doubt of the oppression and extortion committed under the system of farming out assessments of paddy lands*" *and believed in the alleged* "*discouragement to cultivation, and the demoralization which tyranny and avarice on the one side, and cunning and deception on the other, necessarily create.*" They pronounced the system "most objectionable in principle, and re-

commended its abolition."

With this official and high sanction the statements of Sir James may be taken to be fully established; and, if they be true, they prove that the system of taxation as then practised was *impoverishing and demoralizing the people, diminishing the cultivation, discouraging the reclamation of waste land, and offering a premium to licensed extortioners equal to the whole amount of grain tax paid into the Treasury!* It would be hard to conceive a system more diametrically opposed to every principle of justice and humanity; and still more inconceivable how such a "vicious" system could have been so long practised by a Christian Government. It is a fact, however, that notwithstanding all the representations made to the home authorities and their own acknowledgment of their truth, the old system maintains its ground to this day; and is still exercising the same pernicious and depressing influence on the condition of the people. It is true that by means of commutation there has been some amelioration in certain localities, but any improvement so wrought has been outweighed by a new tax which was laid upon the people soon after the date of Sir James' report. This new burden, the Road-tax, I shall notice in the sequel. In the meantime, I wish to keep in view the fact that the rural population in the interior, *behind* the *frontage* of the main arteries of communication, and beyond the beneficent influence of British capital and enterprise, are suffering the same extortion and oppression as when Sir. J. Ten-

nent reported on their condition; their numbers are diminishing in the same ratio from the same causes; their lands remain wasted for the same reasons; and the work of their demoralization and extinction is still progressing!

I shall conclude my notice of Sir James Tennent's report by referring to a remark of his which he makes in his usual forcible style, but of which he seems not to have perceived the full significance. He says of the rural population that they have *no capital, no trade, no occupation!* This, if taken strictly and literally, would mean that they were in a state of savagery; but this was not meant. Capital they no doubt have, but it is not *accumulating according to natural laws,* on the contrary it is *diminishing.* Their capital is absorbed in an enterprise that yields them no *surplus,* not even a *living,* in fact:—for *living without multiplying is mere dying!* They have nothing, he means, *to buy with,* for they have nothing to *sell.* They barely raise produce enough for the consumption of their own families and dependents!

It is worth while, in passing, to consider this fact so pregnant with meaning; for it summarizes the whole case, and is the ready key to the condition of the people. It proves that either the industry of the people *produces* no profit; *or,* that they are *deprived* of it. *Either* the natural reward of toil does not accrue at all; *or,* that it is *alienated* from the people. *Either* native agriculture is a losing concern; *or,* its profits are drained away from it.

The evidence of innumerable works of magnitude now lying in ruins, proves incontestably that the cultivation of rice in Ceylon was formerly a most productive source of wealth; and the experience of hundreds of individual cases shews equally clearly that it might be so *still*; we are bound therefore to admit that the enterprise is *profitable*, and adopt the alternative that the fruit of toil and the profits of industry are alienated from the people. It will not be difficult to trace them to the Treasury, where of course they cease to be reproductive.

The amount of capital formerly engaged in Agriculture must have been enormous; but it has been gradually wasted by excessive and impolitic taxation, and is now reduced to its lowest ebb. Civilisation and social progress being dependent entirely on the profits of industry, both for their origin and progress, must necessarily decline when these fail. Hence it might safely be predicated of a people whose capital is diminishing, that they must be drifting into a state of barbarism.

If profits do not accrue to the people, and if their capital be diminishing, they *must also be dying* out; for if they can barely produce enough to provide food for their own families and dependents, how could they support a larger population? The effect of increment of capital on population is most strikingly shown by the rapidity with which population rights itself after pestilences. If the destroyer carry off a large number of the people, he leaves the rest so much the

richer, and population, thus stimulated, increases with amazing rapidity. Equally certain is the effect of a constant *diminution of capital* to produce a corresponding *depopulation.*

If industry and enterprise be deprived of their natural stimulus and if toil be unproductive, what wonder if the people relapse into *Apathy!*

This question of capital, therefore, contains the whole case. The want of capital is at once *the effect of past oppression, and the cause of the present degradation of the people.* It proves the drain there must have been upon the resources of the country, and accounts for its exhausted condition!

But is the country really exhausted,—is the population actually diminished,—are the people positively degraded? The Report of the Irrigation Committee ought to give us some information on this subject. If they faithfully and fearlessly fulfil their duty, they will afford startling proofs of all these facts. If they have confined their investigations to those easily accessible districts bordering the sphere of British enterprise where the beneficent influence of foreign capital has infused life into the people; or if they have been content with the evidence afforded in the immediate neighbourhood of the great arteries of communication; if, in short, they have taken a *front* view of the picture, they may flatter the Council that things are *not so bad*; but, if they have penetrated into the outlying rural districts behind and beyond these scenes; if they have given the whole truth, and re-

vealed the condition of the people in these remoter regions where Europeans seldom travel, they will thrill the Council with some harrowing details.

I do not deny that there are many places where the force of natural advantages, the presence of foreign influences, or the occasional absence of the worst features of the present system of taxation, have allowed free scope to industry; and where, consequently, there exist the most gratifying marks of prosperity; and, so far from wishing to keep these *out of view,* I would give them *prominence,* because they prove that when the people have a chance, *they improve it and thrive!* But if such cases exist numerously, there are far more numerous cases, where the unequal struggle for existence under intolerable burdens is barely maintained. The absence of capital makes the people incapable of enduring reverses; and each successive disaster turns the scale against some new victim. The droughts of 1865 and 1866 have caused the disappearance of whole villages, and have deepened the degradation of many who still maintain a minished cultivation.

A failure of his crop will probably reduce the poor cultivator to the necessity of applying for aid to the *renter,* the only available succour in his hour of need; or a murrain carries off his only pair of buffaloes, and he has to hire, most likely from the renter, cattle for the tillage of his land. Once in the power of the renter, he suffers besides the extortion that functionary is licensed by the Government to

practise, the most usurious and grinding exactions which could be devised. The end may be easily imagined!

It must be evident that ordinary maxims of political economy are quite inapplicable to a people so circumstanced. Roads for example, which in a civilized state are of primary importance to progress, and are justly regarded amongst the greatest benefits that can be conferred, are of comparatively no value to a decaying people. They pre-suppose and provide for an interchange of commodities the fruits of industry; but of what avail are they to people who can procure no more than they can consume; who have nothing to carry further than their mouths? What mockery to expatiate on the blessings and benefits of roads to a people reduced to that condition.

I have been reminded seriously as a reproach against the people, that the import duty on grain was *for their advantage*; and that British enterprise paid dearly for this benefit to native industry; as though a poor cultivator, who has *nothing to sell*, could be affected beneficially by the raising of the market price! The *Government*, who carry off all that leaves the soil, is the only party who benefits;—it matters nothing to the man who eats all his own produce, but to the Government who exact the tax *in kind and sell it*, the market price is everything!—so it is not difficult to see whose *protection* is secured by the import duty on grain!

I know that in some quarters I shall be deemed

extravagant in attributing to misgovernment the decay of those vast works of Irrigation to which allusion has been made; and I shall be told that their ruin was caused by *sudden catastrophes.* So people, whose chronologies only extend to a few thousands of years, refer all geological phenomena, which by ordinary and known laws would require far longer periods, to *cataclysms*; and, following this example, people who would exculpate Government from the ruin of the country and the degradation of the people, refer the destruction of the tanks to Providential visitations; but I repudiate such doctrine. When I see phenomena which are fully accounted for by the operation of known laws which are always in force, I see no need to invent theories to exculpate man and dishonour God. *I charge the Government with perpetuating a system, of which those ruins are the natural and inevitable result: a system which is annually effecting similar ruin on a smaller scale.* It seems incredible that an enlightened Christian Government should have adopted a system so impolitic and unjust; still more so that they should persist in it, after having so fully acknowledged its injurious and demoralizing effects. *But such is the fact*; and so it will continue to be, until the case be made fully known to the *British people.* The case of *Ceylon*, must be so effectually proclaimed to our countrymen, that it shall become the talk of every town in the United Kingdom; and it shall be no longer possible for any Minister or member of Parliament to betray such ignorance;

real or assumed, as did Mr. Adderley a few weeks ago!

Letter VI.

IRRIGATION AND PADDY CULTIVATION.

In your Overland Summary of the 28th ultimo, you question my correctness in attributing the ruin of the tanks to mis-rule, and quote Sir James Tennent against me; but, as I read it, your quotations favour my view. If it were otherwise, I should dispute your authority. Sir James Tennent's facts, set forth in a State paper vouched by its official character, are reliable and have been accepted by those who had the means of ascertaining their correctness, and who would have rejoiced to controvert them. Sir James was far too shrewd a man to indulge his imagination in a document of that nature; but the license he has allowed himself in his *books*, has passed into a proverb; and if you quote from them, I must *leave you there.*

It would appear from the quotation you give, that the cultivation of the vast tracts of land in question continued in full and successful operation so long as a certain village system was maintained; but that this was "annihilated by the Malabar invaders, by whose *baneful domination industry was stifled.*" What is this, but gross misgovernment? Call it *bane-*

ful domination if you choose, it was not the fault of the *people,* nor of the *enterprise, nor of the tanks,* but of the *rulers. Q. E. D.*—I did not lay my accusation against any particular rulers, whether Tamil, Singhalese, or British.

My contention is that the ruin of the Irrigation works was necessarily slow and gradual, the result of mis-rule. The catastrophe theory is unscientific and untenable. It would be more reasonable to believe that the Railway system in India could be extinguished by the late accidents on the Bhore Ghat, than that the means of living of many thousands of people could be permanently destroyed by any accident whatever. Investigated calmly by the aid of reason, the supposition becomes absurd. Neither wars, nor pestilences, nor catastrophes could extinguish a *really prosperous, healthy, national enterprise* Wars might cause great temporary derangement, as in the recent struggle in America, where cotton ceased to be grown, and a vast industry was for a while interrupted, but how soon did it recover! If it had been already expiring under the influence of mis-rule or oppression, and maintaining a bare existence, the war might have snuffed it out; but not so with a vigorous, healthy, remunerative national enterprise. Pestilences might cause a dreadful shock, but they could neither *deprive industry of its reward,* nor make *a breach in a tank.* They would leave the wealth of the people behind; and the survivors, if they had a

sound enterprise would soon right matters, as our countrymen did after the Black Death.

We have in *our own experience* the actual knowledge, without resorting to any theories whatever, of the operation of desolating wars and of frightful catastrophies. We have known and seen what they have it in their power to do, and we know that in modern times they have not permanently ruined any sound enterprise. They, no doubt, desolate individual properties and irretrievably ruin particular persons, but their effects on a nation or great enterprise, is at the worst but temporary.

History is but lately becoming a science, and every day the fables we have been accustomed to treasure up from our youth, and the stories we have been telling our children, are rudely torn out of our old books of history by the hand of research and the application of true logic. The history of Ceylon 2000 years ago is far too hazy and mythical to be quoted against the actual knowledge we possess, and the evidence of our own observation. The catastrophe-theory must fall as that of cataclysms has done, before the light of science and logic. The actual force of each when so examined, is found utterly wanting for the purpose each has been pressed to serve.

What *catastrophe,* or war, or pestilence, choked the canals in the neighbourhood of our own capital? and, What *accident* opened them up again? The neglect of bad government let them lapse into ruin; and the

wisdom of a chance ruler saw, and partly repaired the folly of his predecessors! Why are thousands of acres of land within a few miles of Colombo and partly within its gravets, which were once luxuriant with grain, now lying waste and devoted to miasma?—no one will venture to conjure up a catastrophe to account for that.

Why did the Paddy rents at Caltura and Pantura sell in 1866 for some 2s @ 2s. 3d. per bushel, whilst those of the interior, of Pasdoon Corle and Bentotte, sold at about 10s.? The answer is simple. The cultivators of the former are within easy distance of Police Courts, where extortion is on a mild scale; whereas in the latter and remoter districts, the renters have full scope for their avocation, and can extort from the harassed and helpless proprietors several times as much as they are by law entitled to. *Industry* in such localities struggles against fearful odds, and is of course ready to expire or be crushed out by any sudden reverse. In such cases a drought or disaster may turn the scale against the luckless cultivator, not because his enterprise is unproductive, nor because he is lazy, but because he is deprived, by the operation of an unjust and impolitic system, of the just reward of his industry; and is fleeced by licensed extortioners under direct sanction of Government. Such is the practical operation of the system now in force; and what it now does on a small scale it formerly did on a scale corresponding with the far greater magnitude of the enterprise. You enter into my views

"respecting the baneful effects of the grain tax, and "the system of extortion and oppression under which "it is levied," yet you demur to my following those baneful effects to their actual ultimate consequences.

Past history and present experience, so far as my knowledge extends, combine to prove that under good government Ceylon has always prospered abundantly, and exhibited great capabilities both in ancient and modern times; and I am convinced that, when more light is thrown upon its history, the periods of its rise and fall will cease to be associated with fabulous catastrophies and chance impulses; but will be connected with the names of rulers and dynasties on whom will rest the blessings or execrations of posterity, according as they have ruled beneficently or tyrannised cruelly.

Letter VII.
FOOD SUPPLY.

The supply of Grain and its price are vital questions in the economy of *any* country, and especially important are they to the interests of Ceylon, which is dependent on foreign resources for the labour, food, and capital, requisite to carry on her staple enterprise! There are few countries in the world so rich and otherwise so independent, as to be able to afford to rely in any considerable degree on a foreign supply of grain. Even Great Britain with her vast mineral resources, industry and wealth, raises the greater part of her grain

on her own soil. The dependence of Ceylon on foreign markets for so large a proportion of her grain, is therefore a serious and significant fact.

The crises of 1848 and 1866 have warned us sharply of the consequences of dependence on foreign capital; and the famine of 1866 has afforded us a momentary insight into the possible contingencies to which Ceylon enterprise might be subjected by her dependence on imported supplies of food. We cannot shut our eyes to these warnings, or refuse to admit the evidence of our own bitter experience of the dangers to which our enterprise is thus exposed.

If, therefore, some of your readers have thought that my argument about the decline of native Agriculture and the decay or destruction of the great Irrigation works was a somewhat tedious digression, the more thoughtful will see its pertinence and justify it in consideration of the paramount importance of the question of food supply; not only, in itself, as a great economic question; but in its relation to the particular subjects I have in review, the revenues, taxes, and enterprise of the country. The question of the capability of Ceylon to raise supplies of grain sufficient to meet her own requirements, is beyond doubt one which bears most influentially on her future prospects. In this view, the history of ancient agriculture and of the irrigation works is no mere curious inquiry, but becomes invested with the highest degree of practical interest to the people generally and to coffee planters in particular, who are connected

with our staple enterprise. It is therefore of the last importance to ascertain exactly the causes of the decline of grain culture, from the period when the production was enormously in excess of the requirements of the people, to its present miserable scale of insufficiency and dependence on foreign supples.

If it can be shown that this decline is due entirely to "baneful domination" and misrule, or to an "old and vicious" system of taxation; if it can be proved that the cultivator, deprived of the profit of his industry has been compelled to the gradual comsumption of his capital only by the persevering oppression of a system which licenses extortion, then there is *hope* because these are *remediable evils.* We know what to do and how to do it. We must cease to put our trust in princes and rulers, and must arouse our countrymen to a sense of our wrongs; and we shall surely, sooner or later, obtain redress. The old and vicious system will be extirpated. But, on the other hand, if grain cultivation has failed from *irremediable* causes; if the country which once produced enormous supplies of grain for export is so changed in its *character* and *capabilities,* that its industry, which once was so prolific of wealth, is now unable to maintain itself, and is consuming its own capital and inflicting on the people increassing poverty,—*or* if Irrigation works, on which the successful cultivation of grain depends, can no longer subsist because of ever-recurring catastrophes, then the case is *hopeless.* It would be folly to attempt to bolster up a rotten enterprise by extraneous aid;

or to restore works which are by nature devoted to destruction!

I have already alluded to the great difference of native enterprise as it exists in the frontage and in the background; and I have contrasted the relative prosperity of the one with the unqualified misery of the other. There is, however, an important significance in the success of the former apart from its bearing on the cultivator himself. It proves that his enterprise succeeds wherever it has a chance! It is true no doubt that the markets for fruits, vegetables, poultry and such like products of unstifled industry, contribute in a very important degree to the success of those who enjoy the advantage of being within reach of them. Such markets for instance as Galle, Colombo, Kandy, Gampola, Matella and the Coffee districts, offer a high premium for these products; but even where this great benefit does not exist, and where the frontage confers no other advantage than access to the Police Courts and the consequent exemption of the people from the worst excesses of extortion, grain culture unaided by extraneous resources, enjoys a fair amount of prosperity. So long as such success exists, we have clear proof that neither the character nor the capabilities of the country are unfavourable to the successful production of grain. The evidences thus afforded, by the success of grain culture in certain favoured localities, prove abundantly and indisputably that, if—under a humane and wise Government—native agriculture generally met with rea-

sonable encouragement and native industry were allowed to reap the reward it earns; if the paddy grower were permitted to enjoy a fair share of the profits of his enterprise; if, in short, the "old vicious" system were abolished, a new order of things would ensue; or, rather, an older and happier state of affairs would be restored. Those localities where a certain amount of prosperity now exists, would enlarge their borders. The little oases in the background where there yet lingers, by force of circumstances, some trace of the ancient vitality, would increase and serve as centres from which prosperity would radiate, and would assimilate those wastes where oppression and misery now reign. Population would increase and capital would accrue. A tide of prosperity would set in and bear down before it the marks of present squalor and poverty, and set up in their place the sure signs of beneficent rule and prosperous industry. Worthy successors of the great Ward would inaugurate new surveys of the ancient works; and future Sims would cheerfully devote their talents and energies, not merely to surveying, estimating, and planning amidst the pestilence-smitten scenes of departed grandeur, but to *executing* the restoration of those works to usefulness and salubrity. This is no idle figment of the imagination; no fanciful picture of some remote possibility; it is a certain consequence, as sure as that light precedes the rising of the sun or that darkness follows his setting.

It is not disputed that Ceylon once produced grain far in excess of her requirements; and it is proved that she still possesses the same natural capabilities. These cannot be galvanized into *sudden* activity, by any influence whatsoever, but they might be developed with certainty under a just rule. Capital and time would be required; but, in the end, Ceylon would have one more market for her supply of food and that *her own:* the cheapest, best, and nearest home! The supply of food would be more certain, its price less fluctuating, and famine would therefore cease to be a dangerous contingency. Foreign enterprise would be relieved of one serious source of danger; and the progress of the country would be on a basis far more secure than it can ever be, whilst it remains dependent on foreign resources for the most essential and fundamental elements of existence.

The dependence of Ceylon on foreign markets for her grain, has a special bearing on the impolicy of an import duty. She wants grain, and yet puts an impediment in the way of its import! Her people cannot raise enough for the consumption of their own families and dependents, and her paternal Government lays a penalty on their supplying themselves elsewhere!

If some neighbouring country possessing superior advantages were deluging the Island with cheap grain, and destroying the market for home-grown produce, there might be some excuse for imposing an import duty to *protect* native grain culture. Whether such

protection would be wise or not, is immaterial to my present purpose: it would certainly give the sellers of home grown grain a better market. This of course would be at the expense of the buyers, who would thus be prevented buying in the cheaper, and compelled to resort to the dearer market. In Ceylon, the *people* are buyers to the extent necessary to eke out the deficiency of their own production, and the coffee-planters are buyers to the extent of their whole requirements. The only *seller* of home produce, and consequently the only party who can possibly benefit by the *improved* market, is the Government who exacts the tax in kind. The market price of grain is raised by the import duty; and the seller, the Government, derives the benefit at the expense of the buyers: the coffee-planters and the natives. The Government is thus doubly *protected, but every industrial interest abused.*

I revert to this subject to show its bearing on the revenue, the increase and elasticity of which, in regard to the food taxes as in some other important matters, is no criterion whatever of the prosperity of the country, and will surely mislead those who are inconsiderate enough to rely upon its seeming indications.

It is argued that the increase in the revenue from the paddy tax is a proof that grain culture must be extending and prosperous; but, that does not follow: in fact the contrary is easily proved. In 1850 the value of paddy was 1s 9d per bushel, and the Government rents were sold accordingly. The revenue

from each 1000 bushels levied would therefore be £82 15 0 in 1850. In 1865 the value of paddy was 2s 9d per bushel, and of course the Government rents were sold for a corresponding sum. Supposing therefore that, in the meantime, the production of paddy had fallen off by 20 per cent; and that for every 1000 bushels levied in 1850, there were only 800 bushels in 1865; then the revenue accruing to Government on the diminished production of 800 bushels at 2s 9d, would have been £110, or £27 5 0 in excess to that on 1000 bushels in 1850. It is evident, therefore, that increase of revenue is no criterion of prosperity in *this instance*; nor can it ever be so adduced, except when it is wholly derived from *profits*, and does not exact an undue share of these from the people. Judged by this test, the buoyant revenues of the last few years, which have been continually flaunted before our eyes in opening speeches and closing addresses of Council as the insignia of an overflowing prosperity, are but advertisements of extortion. These boasted revenues have been in a large measure drawn from capital, and are to that extent represented by *debt*. If they be perpetuated, they will reduce the coffee plantations to the condition to which misgovernment has reduced the canals of Prakrama, without the necessary aid of any sudden catastrophe. Coffee cultivation is a sound enterprise, and so is paddy culture! Under a wise and beneficent Government, each might thrive and pour into the exchequer handsome and adequate contributions for

the service of the State; but, under the present system, each suffers in its own way from various forms of impolicy and misgovernment; and neither can claim immunity from the operation of natural laws. One may proudly hold aloof from the other, but they have mutual relations which it is the wisdom of all to recognize. Let not the Government drive the paddy cultivator to the necessity of abandoning his indigenous industry, to seek employment in other spheres. His labour in his paddy fields, is infinitely more advantageous to the country than any service he could render to the coffee-planter; and even if he had no claim on the Government for a just system of taxation, it would be their *policy*, apart from considerations of justice and humanity, to encourage the culture of grain; for, it is far more important that Ceylon should be independent of foreign supplies of grain, than that she should cease to draw upon the redundant populations of southern India for the labour she requires for her plantations.

The present relation between the paddy cultivator and the Government is unnatural; and their interests, contrary to every principle of sound policy, *conflict*. The Government does not sympathize with, but profits by the suffering of the cultivator. Under pretence of making a good market for the producer, the Government raises the price for its own exclusive benefit! The revenue increases, whilst the interest from which it is derived diminishes! The Government grows richer, whilst the people are being im-

poverished. The Government thrives, whilst the people are dying out!

Letter VIII.
NATIVE AGRICULTURE.

The position I have assumed in regard to this fundamental question of indigenous agriculture and food supply, has so important a bearing on my inquiry into the general condition of the colony, its revenues, taxation and enterprise, that, however inconvenient it may be to be interrupted in the progress of my task, however distasteful to be drawn into discussion, I feel it incumbent on me before proceeding further to make that position impregnable.

The *Ceylon Times*, as the organ of Government, has devoted a leader to the confutation of certain statements which it is pleased to attribute to me; has affected to disparage the authorities I have quoted; and has attempted, by an appeal to the revenue returns, to establish the fact that Ceylon is rapidly advancing in prosperity and wealth.

Is there then no depression? Are the stagnation of trade, the scarcity of money, the pressure of the planting interests; and the distress of all classes of the people, of which all the papers have been writing and every one complaining for so many months,

mere hallucinations? Have we all been suffering from a troubled dream; and have the Governor's address, Mr. Layard's explanations in Council, and the figures in the *Times*, awaked us from an *imaginary* adversity to a sense of our *real* and abounding prosperity? Has "Speculum's" occupation gone?

The Editor of the *Times* must have been allowed a peep into the Treasury; and must have been so intoxicated with the glittering vision, that, forgetful of the burden of his own paper, of his Irrigation report and his League statement, he has fallen down and worshipped the golden image set up by Government!

Your readers will not be so easily fascinated. They know that those boasted revenues are not legitimately derived from the *profits*, but are in part extorted from the *capital* of the country. They are conscious of the *effort* it has cost the people to pay them, and the *debts* that effort has inflicted. I have from the first pointed out the fallacy of judging of a peoples' wealth by the taxes they may have been forced to pay. It has all along been my accusation against the Government that they alone were rich, whilst the people were impoverished; and it is a main object of my argument to show that the revenues of the last few years are excessive; that the country cannot afford them; and that, if the present policy be continued, it will lay the axe to the root of our best and soundest enterprise.

I do not object to own with a very slight modi-

fication the *creed*, the *Times* affects to ridicule; for I firmly believe that whosoever introduces capital into industrial enterprise in Ceylon, or promotes the increase of the capital already so engaged, is a *true benefactor*; and, on the other hand, whosoever abstracts capital from enterprise and increases the *poverty* of the people is truly and emphatically an *evil genius.* I have endeavoured throughout these letters to show that enterprise, indigenous and foreign, is sound and profitable, but that it is discouraged and overtaxed! Coffee-planting is yet young and vigorous despite its recent trials, but it is *over-burdened*; and if the planters would not see it reduced to the condition of its ancient and respectable neighbour, as shown in ruined tanks and a decaying people, they must look to their own interests and that soon.

The position I have assumed in regard to Native Agriculture is:—That the natural capabilities of Ceylon for the production of grain were *once enormous* and are *yet unimpaired*

That numerous works, great and small, by means of which the vast productiveness of the Island in former times was attained, have fallen into decay by the culpable neglect of her Rulers.

That a vicious system of Taxation, operating in combination with gross neglect of duty on the part of Government, sufficiently accounts for the poverty of the people and the miserable ebb to which Grain culture is reduced.

That if the laws and institutions of the country

were wisely adapted to the wants of the people, and if the reasonable encouragement to which in justice, paddy cultivation is entitled, were afforded, the Island would soon produce grain sufficient for her own population and for the immigrants who are engaged in industrial enterprise.

This position, I believe I have already established, but the *Times* questions the authorities I have quoted and I shall therefore have recourse to other testimony. Whether any better authority than the official document previously quoted is procurable, or even possible, seeing the circumstances under which it was produced, and the means at the command of the writer, I leave your readers to judge!—but I proceed to show that my case does not depend on that authority alone.

The great ruler of Ceylon in modern times who saw more of the country than any other man of his day, who was not content with a superficial glance at the borders, but penetrated into and traversed the recesses of the interior, has recorded in admirable Minutes of his tours the most convincing testimony on all the points I have advanced, and on none more frequently or forcibly than on the *neglected duty of Governments.*

Writing of the Natande Canal, he says: "It would " be a disgrace to Ceylon if the Island were to lose " the benefit of eighty-two miles of water communi- " cation, in constant use up to 1836, because for " *one mile and a half* the passage of boats is obstructed " by an accumulation of mud, the fruit *not of any*

"*natural convulsion, but of continued neglect.*"

Of certain works at Batticaloa he says: "The "care of the Dutch Government was incessant. That "of the British Government has been absolutely null "*** The Dutch Government required and received "a series of half-yearly reports" on these works, but the *British Government* "*so completely ignored their* "*existence* that I doubt whether the name be better "known now to nine-tenths of the English resi- "dents in Colombo than it was to me in 1855." He proceeds further on to confess that our Government had not been a "prudent or a pure Govern- "ment," and that it inflicted evil by bad example and "*prolonged neglect.*"

Of another district he says it was "*strangely ne-* "*glected*, though second to none in natural ca- "pabilities, or in the intelligence and industry of "the people." But whilst he deplored the impurity and neglect of former Governments and the evils they had inflicted, he felt "how much *good* it was in "the power of the Legislature to do, and how keenly "and gratefully that good was appreciated."

In another place he finds "an old canal ex- "tending to the river" and says "when *that is cleared*, "a few channels which the hoe will cut will secure "the irrigation of 800 ammonams." In these and many other passages he clearly recognizes it as the duty of Government to attend to the due mainte- nance of Irrigation works. To me it is astonish- ing that any other doctrine could obtain. In what

do these differ in principle from other Public Works? From *Roads* for instance? Yet no one disputes the duty of Government to keep these in good repair. If a road falls into neglect, is it attributed to the apathy of the people or to the fault of the Government? Why then should the Government who derive so vast a revenue from paddy cultivation be exculpated for the neglect of those public works, more important even than roads and involving larger public interests, on which paddy cultivation depends? Sir H. Ward was not the man to confound public interests with private, and though he roughly reminded certain petitioners that it was not the business of Government to drain every man's field and repair everybody's fences, he always admitted that public interests were in the charge of Government, and especially those connected with communities of paddy-growers.

On this last subject his views are often set forth. Referring to the proposal to restore the Kandelly works he speaks of the people as "reduced to ex-"tremity of poverty, and without the means of "purchasing buffaloes or implements of industry," and he deemed it the duty of Government not only to restore the work but to aid the people with advances of money. In another place he distinctly lays it down as "the duty of Government to regulate "all matters connected with the supply of water "for the native agriculture." In one of his latest Minutes he says, "I hold that what Government

" is doing in 1859 is simply the payment of a debt " incurred by our rash interference with a people " of whose habits and wants we knew nothing. We " are alone to blame for the decay in the producing " power of Batticaloa."

And if the Government owed so large a debt to Batticaloa what must be its accumulated liabilities to paddy cultivation over the whole island? In one place he speaks of the neglect of certain Irrigation works as a " *blot on our escutcheon.*"

In recognizing thus plainly the duty and the *debt* of the Government to Native Agriculture, Sir Henry is, if possible, more emphatic as to the *Policy* of fulfilling a duty at once so palpable and so *profitable.* He tell us of " whole districts where the people have " been forced into lawless pursuits" by the neglect of their wants in connexion with their proper industry. He says in reference to his large experience of the people; and after studying their disposition and the natural capabilities of the Island, that " the policy " of meeting native wants as well as those of European " settlers is that by which *all interests will be most* " *effectually promoted.*" Again in reference to the Giriway pattoo, he says " What is asked of the present " Government is that which was done by the most " economical of its predecessors." The loss due to certain neglects he estimates at £40,000 to the Government, and four times that amount to the people; and he says " good policy as well as good economy " require that a remedy should be applied *to so crying*

"*an evil,*" and adds that justice demands it.

The mind of Sir Henry was decidedly practical; and hence we may be certain that any policy he suggested would be based on a sound knowledge of results. To aid him in acquiring accurate information he surrounded himself by the most intelligent officers in his command; and infusing into them some of the energy and zeal of his own nature, he procured some remarkably able reports and calculations in reference to all the most important Irrigation works in the country. These officers are therefore no mean authorities, and their reports abound with testimony in support of the views I have propounded. Mr. Bailey, Sir Henry's son-in-law, writing on the ruinous condition of the ancient tanks says "*we have our-" "selves solely to blame for this.* Not only has the Go-" "vernment never devoted a fair proportion of the" "revenue towards the restoration of these works; but," "by inattention to the details of the agricultural sys-" "tem of the people, has tacitly permitted the national" "customs, which under the native Government were" "the means of keeping all works of Irrigation in" "repair, to fall into disuse." Col. Sim tells us that the natives expressed their astonishment to him "that we" "have treated these great tanks and canals with" "such *apathy* and *indifference*"—and to me it seems that the charge sits more heavily on the *rulers* who wield the power and command the resources of the State, than on the victims of their neglect!

Captain Gosset says "If we but re-make what

" the Dutch constructed and *we have allowed to go to* " *ruin*, we shall indubitably produce the same results " the Dutch produced. And he tells us of certain " works which are yet in partial action *notwithstanding* " 40 *years neglect*."

Mr. Harrison indicates most clearly what he considered to be the cause of ruin in respect of the works he investigate d, for he says " tradition does not hand " down the name of the *ruler who permitted to fall into* " *decay* works conferring so great benefits on this " vast and once densely populated and fertile district."

From some expressions which occur in one of his early Minutes, Sir H. Ward seems to have once attributed the ruin of the great Irrigation works to obscure and uncertain causes ; but I have good reason to believe that his later and maturer observations convinced him that their ruin was the simple operation of *neglect.*—The evidence of such works as Capt. Gossett mentions, which continue in *partial operation* notwithstanding 40 *years' neglect* and of those round whose ruins there yet linger some miserable relics of the ancient enterprise, attests but too plainly the natural history of ruin.

After a candid consideration of the authorities I have just quoted, can it be doubted that modern Governments have fearfully neglected their *duty* to the paddy growers ; or that their neglect sufficiently accounts for the ruined state of many Irrigation works ; or that the laws and institutions now in force are utterly inadequate to meet the wants of the people ?

If these views were recognized, and the prosperity of the native agriculture were secured by just legislation and suitable institutions; if extortion were not licensed and if taxation were conformed to just principles; if the interests of the people were not so dependent on the character and caprice of the subordinate Government officer in immediate charge of each district or province, but were provided for and, as it were, embodied in the laws and institutions of the land,—grain culture would extend; the people would thrive and the Government would not only pay a great debt, but reap, a great revenue: it would relieve itself of an awful responsibility and secure a lasting blessing.

Nor is it necessary that rajacaria or any other oppressive and slavish device should be restored, as the *Times* would seem to indicate! Do we need rajacaria to maintain our *roads?* If these with all their great bridges, culverts, and subsidiary works can be repaired and kept in working order by ordinary means adapted to that end, why should not a common canal, or water duct; a sluice or bund, be equally easily maintained by similar simple means? The Government has but to recognize its duty and fulfill it!

Mr C. P. Layard in his speech in Council, attempts to exculpate the Government for the neglect and ruin of certain small works in the neighbourhood of Colombo by saying that *not even rajacaria*, could preserve such works fiom destruction.

This admission will carry him further than he intended, for it points clearly to the *fact* that the glory of the ancient Irrigation works was not maintained by any such insufficient means. Rajacaria ever was and ever will be unequal to any such result. It was no doubt the despotic device by which ancient rulers carried out their enterprises, but the secret of their success was not in that slavish expedient, but in the fact that agriculture was their pride—the source of their wealth, and the glory of their power. The national resources were devoted to its success and extension. Seed time and harvest were seasons signalized by national festivities to which the Court lent all its splendour; the priesthood the sanction of the state religion; and the people all their homage.

It is very possible that some of these rulers, whose names will be for ever associated with the beneficent works whose ruins we now contemplate with awe and admiration and under whose rule agriculture attained such magnitude and prosperity, may have been proud tyrants who let their subjects taste but little of the sweets of wealth or liberty;—but if they taxed the people severely and worked them slavishly, they repaired the tanks, and protected vigilantly the sources of their own wealth and power. They may have oppressed the people perhaps, and have devoted too large a share of their earnings to the luxury of their own courts; but they did not *export* the profits of industry, either to alienate them permanently to foreign

uses, or to invest them temporarily in foreign securities, whilst their own national enterprise was starving for want of capital!

Neither rajacaria, nor yet another bugbear, a costly and cumbrous Irrigation department, is needed. All that is required is the simple recognition on the part of Government of a *duty*, the adoption of a *policy*, and the adaptation of existing means, to the discharge of that duty and the pursuit of that policy.

I judge from my experience in Ceylon, that where the functions of Government are exercised in such manner that no individual ruler or minister can be held personally responsible; and every one who exerts the Executive power can find some irresponsible impersonal fiction of authority on which to shuffle the blame of mal-administration; more especially where, as in Ceylon, there are unofficial men so regardless of the public interest that they will lend the semblance of popular sanction to official fiction, there is no excuse too contemptible to be urged for the delay of reform: no pretext too hollow to be pressed to justify neglect of the most obvious wants of the people: no reason too absurd to be pleaded for the perpetuation of a system which, while it lasts, saves the trouble of establishing another!

Our rulers will tell us that the paddy tax is so important to the revenue that they dare not meddle with it! Although past history, present experience, and common sense combine to show that, if

justice did not demand reform, it would be suggested by reasons of *policy* and *economy* in the interest of the revenue. The Government will not blush to declare that without rajacaria and other measures precluded by the policy of this day, no reform is *possible*; although they *know* that rajacaria is but one, and that not the best or most facile of many means to the end desired. It will be pleaded that the exigencies of the public service will not admit of the heavy expenditure which would be needed to undertake the charge of Irrigation works, although no other means, beyond those they already possess, are required by the Government.

Letter IX.

STATISTICS OF PADDY CULTIVATION.

The statistics of paddy cultivation are inscrutable. It is not possible to arrive at any reliable conclusions respecting the extent of land under cultivation, or the produce of such land from the returns of the Government Agents. The inconsistencies these exhibit, baffle every attempt to harmonise them. There are no doubt, great difficulties, and many sources of error and uncertainty in the means employed for obtaining information on these points. It might have been expected, however, that, in an explanation offered in Council by two men so eminently

qualified to deal with the subject, and whose object undoubtedly was to refute the views advanced in these letters on paddy cultivation, the statements and figures of the Colonial Secretary and the Government Agent for the Western Province would have been correct and precise; yet even these are erroneous!

The Colonial Secretary in defending the renting system, the evils of which he says have been "greatly over-rated," declares that it had not produced discouragement to paddy cultivation as alleged; but that, on the contrary, the cultivation of paddy had increased under this system. To support this view, he quotes the report of the Government Agent of the Western Province to the effect that, "under the "commutation system the revenue was £11,000 in "1852 at 1s 6d. the bushel. At the present rate "of 2s 6d. a bushel, this would represent a sum of "less than £18,000, if the same extent only which "was under cultivation in 1852 had been maintained; "whereas the revenue from the same source in 1866 "was no less than £29,000, *showing an increase in* "*cultivation in* 14 *years of nearly* 70 *per cent.*" It is most extraordinary to find our clear-headed Colonial Secretary committing himself gravely to such blunders of fact and inference, as are contained in this part of his speech, as reported in the *Observer*.

The figures are adduced to show the comparative advantage of the renting system; and the revenue of 1866 was its boasted result. It was therefore *not* obtained by commutation at 2s 6d! Yet the in-

ference as to the increased cultivation of 1866 as compared with that of 1852 depends entirely on the *assumption that the revenue of* 1866 *was obtained by commutation at* 2s 6d ! ! That the revenue of £29,000 could not possibly have been raised at an average rate of 2s 6d. per bushel, whether by commutation or renting, is easily proved by a simple calculation. The quantity of paddy produced in 1866 according to the returns of the Agent of the Western Province, was bushels 1,675,262 ; and if the revenue of £29,000 was raised on that production, it is certain that the Government tenth *must* have been realized at an average rate of 3s 6d. per bushel! It may be that the present rate of commutation is 2s 6d. per bushel, but certainly the revenue of £29,000 could not have been raised by commutation *at that rate.* The inference and argument based on that rate for 1866 therefore, both fall to the ground. The alleged increase of 70 per cent. in the extent of cultivation may, however, be otherwise easily disproved, without resorting to any conjecture or inference whatever : by a simple calculation from data afforded by the Colonial Secretary and his brother the Agent for the W. P. For, if the revenue in 1852 was raised, as alleged, by commutation at 2s 6d., it is clear that the Government tenth of the production of 1866, at the same rate, would only have yielded a revenue of £12,564 ! If, therefore, the difference between this sum and £11,000, the revenue of 1852, be attrbiutable to extended cul-

tivation, it amounts only to about twelve instead of seventy per cent., as deduced by the queer inference of the honorable gentleman. Perhaps it may be said that a tenth does not accurately represent the Government share; but that does not affect my conclusion, as what is true of a tenth, is true of the whole, or of any other proportion, for the purposes of comparison.

It is remarkable that, whilst the Colonial Secretary was attempting to prove a greatly increasing extent of cultivation, his brother did not offer some explanation of the vast *decrease* in the area of cultivation in his own province since 1862, in which year it would seem there were 194,514 acres in cultivation; whilst, in 1866, the extent was reduced to 116,325 acres, showing a decrease of 78,189 acres, or about a third. It is also remarkable that the Government Agent, on whose authority 2s 6d. per bushel was assumed as the rate for the comparison of 1866 with 1852, reports *officially* that the *values* of paddy in the different districts of his province in 1866 were: for Colombo, 4s to 6s.; Kegalla, 3s to 4s.; and Ratnapoora, 4s.—The average rate calculated on the reported production of each district being 4s 8d per bushel. At this rate the revenue would have been very nearly £40,000 instead of £29,000. No doubt the season and prices were exceptional; but what seems curious is, that the *official* quotations of value should have been so very wide of the actual price realized, and differing still more from the figure

quoted for the comparison in Council. If the former of these authentic figures had been used, the huge credit entry of 70 per cent. would have dwindled to 12 per cent; and if the latter, the entry would have appeared as a serious item on the other side of the account!

I do not enter into the argument as to the relative demerits of renting and commutation, because I consider the whole system of taxation, as applied to paddy cultivation, to be utterly vicious and abominable; and I would have it abolished altogether: it is impossible by any compromise or device to make the present system *just in practice.* Taxation is necessary; but not so injustice, impolicy, and oppression. Any system from which these elements cannot be purged, is a disgrace to any civilised Government. Such a system ought to be abolished. I hold it to be the bounden duty of the Government to substitute for the existing system, one which should be conformed to the principles of sound political economy, justice and common sense; which should not license extortion, nor subject the people to such oppressive devices as have characterized the action of the renters and assessors; which should encourage industry, and offer an inducement to owners rather to cultivate their lands than to let them run waste! A proprietor should not be in such terror of taxation as to choose to let his land remain uncultivated, rather than bring down upon his peaceful domain the Government *renter, assessor, and their train!*

The unreliable nature of the statistics of paddy cultivation is a serious disadvantage to me in the discussion of this fundamental part of my inquiry. It is probable that some of the worst discrepancies in the Government Agents' returns are attributable to clerical errors and mis-prints; but I have no means of correcting these. If, however, there were no other than occasional or casual errors, some allowance might be made for them, and the statistics could still be useful; but the results prove that there must be some radical error in the system of calculation, as regards acreage and production, which *vitiates the whole.* For instance, the crops of paddy over the whole Island in the years 1865 and 1866, two years of terrible and almost universal drought, figure in the Government returns as more than average crops, larger even than that of 1862; and not only so, but these unusually abundant crops would seem to have been produced from a very diminished area of cultivation! In 1862, 518,128 acres produced 5,009,187 bushels of paddy; whilst in 1865, 464,858 acres yielded 6,486,751 bushels, showing an increase of nearly 1¼ millions of bushels of crop, and a decrease of 50,000 acres cultivation! In 1862 the crop was under 10 bushels per acre, and in 1865, nearly 14 bushels. The results for 1866 are very similar, the crop and acreage both being a little in excess of those of 1865. The drought, therefore, which has been deplored throughout the country as a great calamity, must have been the greatest blessing, *if we had only enjoyed the advantage of seeing*

it through the Government returns! The years which we have become accustomed to regard as a period of scarcity, appear in the Blue Book as years of unprecedented abundance! From these results it would appear as though the returns of produce were deduced from the amounts realized by the tax. This, at least, would account for the discrepancy, because the increased price obtained in a year of scarcity, would, as we have already seen, counterbalance the deficiency in the production; and the same quantity of paddy from which we derived a revenue of £29,000 in 1866, would only have yielded a revenue of £12,564 at the prices of 1852!—This is suggestive, for it shows that, if we were once again blessed with grain as cheap as in 1852, the revenue from this source would decline to the old meagre dimension!

As to the mode of computation by which the *acreage* under cultivation is estimated, I would not hazard a guess; but perhaps the Government Agent for the W. P. may explain it, in order to account for the deficiency in the extent of the cultivation in his province in 1866, as compared with 1862; and if, at the same time, he would kindly correct his return for the production of 1863, he would confer a great obligation on an inquiring and interested public, who believe him to be about 3 million bushels out in his return for that year! This however is a trifling error in comparison of many others to be found in the colonial statistics.

According to the Government returns, paddy

cultivation seems to exhibit extremes of fertility and failure which entitle paddy to rank as the most remarkable of all natural products! For instance, Bentota in 1863 yielded a crop of 13 bushels from 2,900 acres, or at the rate of 1-223 part of a bushel to an acre! In 1864 the same paddy district had an area of 8,163 acres under paddy, and produced a crop of 8,163 bushels, *exactly* 1 bushel per acre! In 1865 the cultivation had extended to 10,016 acres, with a like result of *exactly* 10,016 bushels of crop, or 1 per acre. In 1866 this remarkable district had expanded its area under cultivation to 52,006 acres; and its crop was 12,016 bushels or less than a quarter of a bushel per acre! Still it seems to thrive with these infinitesimal crops, for the cultivation has increased from 2,900 acres in 1863, to 52,006 in 1866!

Again, note the following table of the returns for the four gravets of Galle:—

For the years, ...	1862.	1863.	1864.	1865.	1866.
Acreage under cultivation	3,000	3,500	35,600	3,560	4,000
Crop in bushels... ...	100,001	100,001	10,000	10,000	20,000
Bushels per acre.	33	28	1-35	1-3	5

What is a statistician to do with these results?

Amblangodde, in the same district, is almost as sterile as Bentotta, and shows the following results.—

For the years	1862.	1863.	1864.	1865.	1866
Acreage under cultivation	1,200	1,500	1,490	1,357	804
Crop in bushels...	12	12	12	13,570	8,040
Bushels per acre.... ...	1-100	1-125	1-124	10	10

But for these last, the results for the first three years

would have been supposed to have arisen from a transposition of acres for bushels.

The freaks of nature in the Southern Province are not confined to paddy, for we find that, in 1863 there were no less than 105,802 acres under cotton cultivation, and the crop was 700lbs! But I must return to paddy.

Bintenne presents some curious returns, as follows:

For the years :	1862.	1863.	1864.	1865.	1866.
Acreage under cultivation	533	533	295	14	11
Crop in bushels.	100	680	1,925	300	140

Extremes seem to meet in the *Manaar Island,* which presents the most remarkable results of all, namely:

For the years :	1862.	1863.	1864.	1865.	1866.
Acreage under cultivation.	4	54	13	4	10
Crop in bushels.	55	1,041	10	0	23,559

Thus, in one district we are shown the total failure of crop in one year and the prodigious result of 2,355 bushels per acre the next. This is the largest production reported and a crop of this sort once in a century would pay!

Matale is undoubtedly a very fertile district, but I was not prepared to find that in 1863, 1,165 acres produced 341,195 bushels, or nearly 300 bushels per acre!—In the same year Lower Hewahetta is reported to have given 164 bushels per acre! In upper Bulatgame in 1864, 80 acres are said to have yielded 9,885 bushels, or 123 per acre.

Any calculations based on averages deduced from

such returns as these, varying from 1-223 part of a bushel to 2,355 bushels per acre, would be quite valueless; and, as there exists in the Government returns every variety of discrepancy between these extremes, I am compelled to discard their authority altogether, and leave them to the Colonial Secretary and other hon'ble gentlemen in Council, where such returns may be made very useful.

There is no doubt that the Agents must have great difficulty in procuring accurate information as to the number of acres in cultivation, except where authentic surveys exist; because our acre does not correspond with any element familiar to the Singhalese mind. Their ammonam is a measure of capacity, and the extent of land it represents varies with the quality of the land. An ammonam sowing-extent may be 2, 2½, or 3 acres; and it is variously estimated by the different Government officers. Moreover, the extortion practised on the cultivators, is often prepetrated through the agency, or with the sanction, of the very men whom Government employs to give the returns Whether is it likely that these would be so given as to *expose* such extortion; or, to *conceal* it? If, as Sir J. Tennent asserts and as has been since continually corroborated, the amount of tax extorted is far in excess of the amount which figures in the revenue, are the returns likely to be pure? Is the Government, which winks at extortion and to furnish the means and license for corrupt practices,

likely to be accurately and honestly informed through the channels which it has itself polluted?

Even the best and most vigilant of the Officers of H. M. Government are likely, therefore, to find much difficulty in the way of acquiring accurate returns of the cultivation in their provinces; but there must have been great laxity and carelessness to account for such discrepancies as abound in the existing returns!

In closing this letter, I must enter a remonstrance against the *Times*. I have undertaken this inquiry into the condition and prospects of Ceylon, because I have a strong and abiding conviction that they are critical, and demand the earnest attention of every one who is interested in the welfare and progress of the Island and its enterprise. The European community are generally too busy and too unsettled to take any warm interest in local politics; or to care much for the people beyond the sphere of their immediate observation. It is not surprising, therefore, that there are few amongst them who thoroughly comprehend the position and prospect of affairs. The present depression, however, has made itself felt by every one; and I have taken advantage of the opportunity thus afforded of discussing subjects, which, though not new to me nor confined in interest to the present moment, might not have commanded attention at another time. My object is to give a faithful exposition of affairs; and I shall offer my best thanks for honest criticism from

whencesoever it may come. The opinions of the Editor of the *Times*, especially, from his experience and position, would be very welcome and valuable; but I must remonstrate against his repeated perversion of my views. He accuses me of being a careless writer, and I refer that accusation to your readers; but he will lay himself open to a graver imputation than that of a *careless reader*, if he reads my letters only to misquote and misrepresent my views, as he has done; especially when he puts into inverted commas, as a verbal quotation, words which are not mine, and which convey a meaning I have neither expressed nor implied.

Letter X.
PADDY TAX.

In my last letter it was shown that the increase of revenue from paddy cultivation for many years past, *must* have been *mainly*, and was, *perhaps*, *entirely* due to the increased value of grain. It is possible, in fact, that whilst the revenue has been increasing year by year, the production may all the time have been gradually diminishing, notwithstanding the encouragement it has received on the borders of European enterprise, and the impulse given by the wise and energetic Government of Sir H. Ward. This view receives some support from the

fact that the number of people employed in agriculture seems to have decreased of late, especially in the Western Province where, in 1862, there were 306,713, and 364,697 persons in 1863, reported to have been so occupied: whereas in 1866 the number had fallen off to 138,054. It would have been satisfactory if the Government Agent had explained this remarkable decrease, when he was contending so strongly in Council that the cultivation had increased.

The revenue being so dependent on the recent high price of grain, it follows, as has already been remarked, that in the event of a return to former low prices, there would be a decrease in the revenue from this source to its former insignificant amount. Such a contingency is not likely *soon* to occur, but it may eventually result from the stimulus which is now being given to grain culture in India. It is important, therefore, to my inquiry to see what would be the effect to the native cultivator, if such a fall in price were to occur.

As the paddy growers, even in the more prosperous localities, bring very little of their grain to market, it is evident that they cannot owe their superior condition to the high value of their produce: a fall in its price, therefore, could not injure them in any sensible degree; whilst to the cultivators in the remoter agricultural districts, it would be a positive advantage.

To illustrate this, let us suppose a community of paddy growers, who can produce no more grain

than they require for consumption and for the Government tax. Let this Government tenth of the produce realize, at 1s 6d per bushel, £11,000. Now supposing this community to decrease in numbers and in the amount of their produce owing to the discouraging condition of their enterprise, at the rate of 2 per cent per annum; and at the same time their produce to increase in value, year by year, from 1s 6d to 4s per bushel. Then the following table would show their progress :—

Produce in bushels.				Government tenth.
1st year's	1,466,666	of which	at 1/6	£11,000
2nd „	1,437,333	„	2/	14,373
3rd „	1,408,586	„	2/6	17,607
4th „	1,380,415	„	3/	20,706
5th „	1,352,807	„	4/	27,056

or let the decrease of production be at the rate of 5 per cent per annum, and their progress will be shown, as follows :—

1st year's	Prod:	1,466,666	Govt. tenth	at 1/6	£11,000
2nd	„	1,393,333	„	2/	13,933
3rd	„	1,323,666	„	2/6	16,545
4th	„	1,257,483	„	3/	18,862
5th	„	1,194,609	„	4/	23,892

still shewing a vast increase of revenue, concurrently with a serious reduction in the cultivation.

In such a case, the amount levied for tax would have to be bought back for seed; and hence the rise in the value of the grain would affect the produce, only by enhancing the cost of the seed; and each year this must become a debt and an incumbrance on the land. A fall in price, therefore, would be a positive advantage to the cultivator.

The case I have supposed is hypothetical, and is cited for illustration. It is not contended that precisely such a state of things actually exists; but it is, nevertheless, a fact that it does very nearly represent many particular cases in remote localities; and it shows: 1st., that the people do not necessarily derive any advantage whatever from the increased value of their produce; 2nd., that what the Government gains by such enhanced value of grain *may* be represented by a corresponding amount of debt on the land; and 3rd., that the money value of the produce is no criterion whatever of the condition of any of the parties concerned in the growth of paddy. Although hypothetical, the case supposes no condition but what we have seen in force in our recent experience; and it almost reproduces some figures which have lately been adduced in Council to support very different conclusions.

One of the most significant facts connected with the cost of paddy culture is the prevalent necessity for the purchase or borrowing of seed; not for the purpose of varying it, but as a matter of *necessity*, owing to the poverty of the people and their want of capital. Interest at 50 per cent. on the seed, enters as an item into almost all the detailed calculations I have seen and it would seem that the renter is generally the seller or lender.

On this subject Mr. Birch, in his report to Sir H. Ward says,—"Crop fails, and the unfortu-"nate cultivators who bear all the losses are not

"able to repay their seed or consumption-paddy "They give debt-bonds for the quantity, repayable "with 50 per cent.; and if not able to pay it from "another failure, a fresh bond for 22½, with another "50 per cent. to run to next harvest, is ex-"torted from them. These bonds are held till "paddy has risen to an exorbitant rate, and then "put in suit." He further speaks of "many cases "where the debt had been renewed by bond upon "bond; and thus the incurred debts had risen to "1000 per cent. on the original loan. The bonds "then put in Court in a scarce season, when "paddy was dear, had caused the selling of the "lands." Thus the renter wields a power with which no subject ought ever to be invested; and the people suffer a sort of bondage which no civilised Government should permit.

It is by no means a simple task to arrive at an accurate calculation of the results of the paddy grower's enterprise; or to express in ordinary terms the exact amount of taxation he endures. Setting aside the extortion he suffers, of which no calculation whatever can be made, the task is beset with difficulties. The great diversity of local customs in different parts of the country, as to the mutual obligations of the people to render service to each other and the mode of settlement for such services, leads to various modes of calculating the cost of production; and the calculations from different places have sometimes so little in common, that they seem

to refer to different matters, this is especially the case when they are expressed in sterling. The services rendered by labourers are rarely ever paid for in cash, but are either returned in similar services or paid for in kind, each particular service being entitled to its appropriate proportion of the crop. The return received by the land-owner, and the tax paid to Government, are always in kind. Hence the simplest calculation of cost and return is that which shows the various items in *kind*; and this reduced to its corresponding number of days' labour, or its proportion to gross earnings, affords the fairest and most convenient term for the comparison with other classes of the people. I propose, therfore, to show the relation between the gross earnings and the contribution to the revenue, in comparing the condition of all classes of the people. But before entering on the calculation of the earnings of the paddy cultivator, I must remind your readers that I am not now dealing with the Natives generally, but with this particular class only. Even in those favoured localities where the paddy grower enjoys the advantages of proximity to European enterprise and shares the benefit of European capital, his paddy cultivation must be regarded *on its own merits;* and can neither be credited with the fortuitous advantages it there enjoys, nor be confounded with other more fortunate pursuits. I am now considering paddy cultivation only, and have endeavoured to keep this distinction always in

view; but it would seem that I have not been guarded enough, for a writer in the *Times* signing himself "Umbra," accuses me of overlooking native-coffee, cocoanuts and cinnamon, altogether distinct enterprises! These in due time will come in review, each in turn and separately: but not all confounded together. I cannot be expected to credit the *paddy* grower, with the profits of *coffee* cultivation. My object is to ascertain the condition of each class.

The following calculations are based on numerous detailed returns I have collected from time to time, and are, I believe reliable as representative or typical cases.

1st, *Cost* and Return of the Cultivation of one Ammonam or 6 bushels sowing extent:—

COST:			
Seed 1 Ammonam		6	Bushels.
Tax if a tenth & no extortion		6	"
Cattle, Tools, &c.		5	"
Interest on Seed &c.		3	"
Offerings & Sundries		2½	"
RETURN:		——	
10 fold,=Bushels,	60	22½	
Less Cost	22½		
	——		
Net	37½	Paddy=18¾ Bushels Rice.	

In this calculation I distinguish only between that part of the produce which accrues to the owner and cultivator; and that which passes away from them. Subsistence paddy, owner's share, &c., are not noticed, because they accrue. My object is to ascertain the gross income, and the proportion it bears to the amount of taxes paid: 18¾ bushels of rice, therefore, represents all the remuneration accruing to the owner and labourer for the cultivation of say 2½ to 3 acres of land, including the tilling,

sowing, fencing watching, harvesting and husking operations.

2nd—The Taxes paid by a Cultivator, as expressed in sterling, are very nearly as follows :—

1, Road tax	0	3	0
2, Rice 28 bushels at 7d.	0	16	4
3, Salt at 8d. per head...	0	2	4
4, Customs duties on Cloth, Curry Stuff	0	1	6
5, Stamps...	0	1	6
	£1	4	8

This does not include tax on Spirits, which would add a very considerable sum; but it is a *voluntary* and not a compulsory contribution to the revenue, as Spirits are not a necessary of life. The items Rice, Salt and Customs, are computed on the assumption that each tax-payer has 2½ dependents, in the shape of wife, children, aged parents, or infirm relatives, non-effectives, who earn little or nothing. In your Directory I believe you estimate 3 dependents to each, and you had no doubt good authority for that figure; but I think it too high, and adopt 2½ in the belief that it is nearer the true average.

Further: I have assumed the requirements, per head, at 8 bushels of rice per annum; and hence that for himself and his dependents, each tax-payer has to provide 28 bushels of rice for food. If the Government returns were at all accurate, there ought to be no difficulty or doubt as to the *actual fact* in regard to either this, or the previous *assumption*; but it is pretty certain that the population returns are as incorrect, as those of paddy cultivation, quoted in my last letter. It is admitted in respect to

the returns of population, births, marriages, deaths, &c. that they are "only approximative"; but that admission is no justification of their being absurd and manifestly wrong. Surely the Government should require corrections and explanations from officers whose returns are *obviously* incorrect. For instance in 1863, the population is returned as 2,342,098, being 262,217, in excess of 1862, an impossible increase, which ought not to have been committed to print under the sanction of the authorities! For 1864, the return is 2,051,109, being 290,989, *less* than the previous year, and 28,772, less than in 1862! Since that date the figures have varied comparatively little; but the variations are inconsistent; and it is impossible to avoid the conclusion that " approximative " is quite an improper term to apply to such returns. It is no doubt difficult to obtain accurate information with such means as are now available; but there is no excuse whatever for gross inconsistencies nor for egregious errors, because statistics are in so many ways, mutually dependent that each return affords a clue to others, and a check upon the rest. The public have a right to expect that every care should be used, and every test applied to secure approximative accuracy in returns of such importance as those concerning Population, Agriculture, and Food Supply; as they afford the only means by which the real condition and progress of the people, and the capabilities of the country can be ascertained. These returns are necessarily the first

study of a new Governor; and should continue to be his guide, throughout his term of office. The use that it is made of them in Downing Street is also a serious consideration; and it behoves the public to see how far its interests are fairly represented, and its condition truly interpreted by the Government returns.

It forms no part of my object to criticise the Blue Book, and I have not digressed for that purpose. My object is to make a fair exposition of the condition and prospects of the people and enterprise of the country; and I am obliged to refer at every step to the statistical returns for information, or to test the accuracy of my calculations. But, in whatever direction I refer to the Government returns I find them inconsistent: and whenever I have the means of checking them, I find them unreliable or wrong. Who, for example, could believe that in 1862 the extent of cultivated land was nearly double that of 1861, the latter being 810,153, and the former 1,567,974 acres? Or take another example, of still more moment. According to the return of the population for 1866, we find there are 2,088,027 people in the Island, besides immigrants, to be fed. Let us see what means there are of feeding them:—

1st—6,841,225 bushels of paddy grown in the country equal to bushels of rice		3,420,612
2nd—Fine Grain ... ... „	bls.	733,193
3rd—Rice Imported	bls.	3,765,716
4th—Paddy „ 741,849 equal to ...	bls.	370,924
Total supply of Grain for 1866		8,290,445

Or less than 4 bushels per head, without any deduction for the requirements of immigrant labourers, cattle, poultry, &c., &c! And this for a people who subsist almost exclusively on grain!

I had hoped and intended to close the inquiry into paddy cultivation in this letter; but I regret that I cannot fulfil my intention, for I am painfully conscious that whilst writing on native interests I excite the impatience and arouse the prejudices of many of your most intelligent readers. Though the subject is so intimately connected with the welfare and stability of every enterprise in the Colony, it is hard to secure a hearing for it so long as it *seems* most chiefly to concern the Natives.

Letter XI.

GRAIN CULTIVATION—IN CONCLUSION.

In my last letter, the cost and return of paddy growing were estimated in *kind*, and I now translate the same computation into days' labour for the purpose of comparison :—

Tilling preparing and sowing	62	days labor.
Watching, fencing	20	do
Reaping, stacking and threshing ...	50	do
Husking, (converting into rice) ...	45	do
Total...	177	

RETURN as before	10 fold=60	Bushels.
Less Tax, if one-tenth	6	
Seed	6	
Interest and sundries	5½	
Cattle and Tools	5=22½	
Net Return	37½=18¾	Bls. Rice.

Several of these items are subject to variation; but the figures I believe are fair, both in regard to the separate items and the total result. *Watching and fencing* are, in some places very onerous works, the former often necessitating the use of a gun; still on an average, and as applied to the cultivation, not of an ammunam singly, but of a large area, my figure is, I believe, near the mark. As regards the use of *cattle* and *tools*: when the cultivator is fortunate enough to be the owner of this stock, the return of course accrues to him as such; still, this cannot be taken as the rule.

Hence the result of 177 days' labour, is 18¾ bushels of rice on the liberal assumption of a *ten-fold* scale of production; and on the low scale of a tenth for the Government tax, and without any allowance for extortion! The tax therefore equals

	28½ days' labour, to which, add
Road tax	6
Salt equal to	4
Customs Duties	2½
Stamps	1
Total	42

days' labour contributed to the revenue. It will be observed that so far as regards the tax on grain, it is contributed out of the return for 177 days' labour only; and that this return is equal to the consumption of only 2½ persons at the rate of 8 bushels per annum; and hence the remaining 9¼ bushels required for the cultivator and his dependents, must be obtained, either by a second crop of paddy; or, where that cannot be raised, by cultiva-

tion of fine grain, vegetables or by other industry. If fine grain, this also is subject to tax, and would add about $9\frac{1}{2}$ days' labour to the foregoing calculation. In such a state of things, it will be at once seen how valuable a resource it is to the paddy cultivator to have a market for such *untaxed* produce, as he may be able to raise during the rest of the year; and it will be easily understood why the condition of the people in the vicinity of such markets as Colombo, Galle, Kandy, and the coffee districts, is so very superior to that of the cultivators who have to depend almost exclusively on grain culture. In those localities, even the straw becomes a considerable item of additional income.

The foregoing figures, representing the proportion of earnings paid to the revenue by the paddy grower, is confirmed by the calculation in *sterling*, as given in my last.

Assuming the value of a day's labour at 7d., the amount contributed by the cultivator, viz., 24s 8d equal to $42\frac{1}{3}$ days' labour. Perhaps it may be contended that 7d. is a low rate, and no doubt labor hired for short and uncertain periods of service will often command a higher rate; but, taken as the rate for the whole year round, it is, I believe, a very favourable average. If, therefore, the labourer be fortunate enough to earn 7d. per day for the whole year, his contribution to the revenue is upwards of an eighth of his entire income; and the paddy grower as owner and cultivator, under favourable circum-

stances contributes very nearly a sixth!

The only comment, I shall for the present offer upon this scale of taxation imposed on the Native labourer and paddy grower, is, that whilst they contribute so large a proportion of their whole earnings, a civilian, receiving an income of a thousand a year, pays to the general revenue only a part of a single day's income! He commutes his road tax at the same rate per diem as his cooly; and pays no more than he, except in the shape of Customs duties on the luxuries in which he pleases to indulge. Even these luxuries pay a lower rate of duty than the necessary food of the poor. This pays 10 per cent of its present value, whilst that pays only 5!

The cultivation of fine grain is so intimately connected with that of paddy, that it could not be discussed separately. It is pursued, in fact, only to eke out a subsistence where paddy cannot be procured; and it is so very inferior as an article of food, that its cultivation on any considerable scale is a mark of the low condition of the people.

The statistics of fine grain would be interesting if they were reliable; but they present the same gross absurdities which characterise those of paddy cultivation. For instance: The four gravets of Galle, produce 300 bushels per annum with wonderful regularity, though the extent of cultivated land varies from 0 to 50 acres! *Hinidoom* had 1000 acres in cultivation in 1862, and 1863, each year; and the respective crops were 479 and 500 bushels, or about half a bushel per acre;

whilst in 1866, 68 acres produced 1345 bushels! *Mantotte* produced 182 bushels from 1 acre in 1862; and 796 bushels from 6 acres in 1866; *Nanathen* produced 882 bushels from 3 acres in 1862; and 40 bushels from the same area in 1864! *Bentota* gave 160 bushels from 3 quarters of an acre in 1865! The *Manaar Islands* gave 1729 bushels from 6 acres in 1864; and 1957 from 8 acres in 1865, or 288 and 249 bushels per acre respectively! The highest rate of production recorded is at *Catacolen,* where 816 bushels are reported as the produce of one acre; and the lowest is at Giriway, where 12,375 acres yielded 2 bushels! The returns are in fact practically useless.

In concluding my review of the condition of the paddy cultivator, and referring especially to the present depression, which he shares with the rest of the community, I would point out the fallacy of judging his condition by the revenue from imports, as lately argued in official quarters. It is assumed that because the revenue on imports is greater than formerly, the people must be more prosperous. If this were necessarily true, then we were better off in 1864, when we paid 1s 6d duty on *one* piece of grey shirtings, at 30s; than we were in 1860, when we only paid 1s 4d on *two* pieces, at 14s each. The revenue was *ten per cent.* more; but the people got *fifty per cent. less* for their money! So the revenue may flourish whilst the people suffer! The truth is, that the scarcity and dearness of food and of the other

few necessaries of life, from which the Government exacts such heavy taxes, have exhausted the poor to a degree which it would be very inconvenient for the Government to admit; and they therefore prefer to contemplate the condition of the people through the flattering medium of the blue book.

Since writing my last letter, the Irrigation Committee's report has been published; and I can now refer to the valuable and authentic evidence therein contained, for a full confirmation of all I have advanced as to the decline of paddy cultivation; the wretched condition of the people in the remote districts; the neglected state of irrigation works throughout the country; the demoralizing effects of the extortions practised under the present system of taxation; and the duty of Government to maintain works on which the revenue and the food supply of the people so largely depend. It clearly proves the capability of the country to produce far more grain than it now grows; that the revenue would benefit as much as the people by the restoration of Irrigation works; and that it is the fault of the Government that the agricultural resources of the country remain dormant.

The Government can never efface the "blot from their escutcheon" by attributing the neglect of irrigation works to the abolition of rajacaria, though it is an *ingenious blind* to refer so great an evil to so righteous an act. The fact is, that, when the Government abolished rajacaria, they found it a con-

venient opportunity for abandoning the charge of an onerous and troublesome branch of the public works; and for committing it to the voluntary action of the native cultivators. Had they abandoned the roads and other public works similarly to the voluntary action of the people, these would have shared the fate of the Irrigation works. The voluntary principle is applicable to all matters of religion and conscience; but not to taxes or public works. Even our own countrymen, with their enlightened sense of their common interests, cannot be relied on for combined action in a common cause, where numerous and diverse interests are concerned: each individual regards his particular share from his own point of view, and is influenced by prejudice and passion; hence it is a rare exception when a common interest of any magnitude is maintained by voluntary action. Rajacaria was *abominable*, not because it was *compulsory*, for all contributions to the revenue are of this nature; but because it was unjust, slavish and oppressive. The Irrigation Ordinances have failed for want of the compulsory power by which all taxes are levied and all public works executed. Village Councils and other such devices, do not meet the case; and hence Irrigation works of every class *continue to be neglected, and the decline of Agriculture progresses* notwithstanding Irrigation Ordinances. And this state of things will continue until the maintenance of these public works is provided for by the rigid action of suitable laws and by

the power of the State. According to the cant of the day, the people should *see their own interests*, and then the Government would step in and aid them. But surely the Government should see *their* own interest: and maintain the Irrigation works, if only for the sake of the *enormous* amount of revenue they are losing by their neglect. *The Government should take the beam out of their own eye, before affecting to pick out the mote from the people's eye!* Had the Government no interest in the lives of 8,000 persons who died of starvation in one small district alone, within six months, nor in the enormous revenues lost in all quarters by reason of the neglected condition of existing works of Irrigation? Here is an enlightened Government, who by the testimony of all their best servants, have sacrificed thousands and tens of thousands of pounds of revenue annually, by neglecting to use the power and the means they possessed, accusing an ignorant people who have been oppressed to the lowest attainable state of degradation, of not using a power, and means, and intelligence which they never did possess!

All accounts agree in showing that the repair of the Irrigation works would pay handsomely; and that the Government in abandoning them, has sacrificed, not only the interest of the country and the lives of a vast number of the people, but an immense amount of revenue!

If grain cultivation is to be permanently revived in Ceylon, the first essential condition is for the Government to recognise its duty, and *assume the charge*

of the Irrigation works on which the welfare of the people, the progress of the country, and the permanent interests of the revenue so much depend. The next step should be to abolish the old and vicious system of taxation, and to substitute one which, besides ensuring the revenue should provide for the certain maintenance of the irrigation work s, and be conformed to just and equitable principles. The Government should do for the people what they cannot do for themselves, and should exact an ample revenue for their pains; but they should not exact the revenue without fulfilling the duty, nor depute their powers to extortioners.

In the present exhausted condition of the country, the Government could not undertake any immediate large outlay on Irrigation works, without some special provision. The exactions of the Home Government for Military contribution; the drain on local resources for Railway payments; the increased cost of the establishments; and the creation of new offices for patronage, have brought the relation between revenue and expenditure into an alarming position. Signs of general depression and exhaustion are everywhere apparent. The Governor's address informs us that we can now find barely sufficient funds to maintain in repair the existing roads and public works; and that further *progress* is arrested. The wolf-cry of "*no funds*" which so effectually drowned the voices of all applicants for votes of public money in the time of our last Governor, is no longer a mere *cry*: the wolf is upon us! Still there is hope for the paddy cultivator, and for others

also who depend on the *progress* of public works; for there is yet a resource which is amply sufficient—to begin and earnestly to prosecute the repair and restoration of Irrigation works. and to afford encouragement to European as well as native enterprise!

The sums we have been paying for our Railway these last few years, have tried us severely; but the Railway is now an accomplished *fact,* and those sums may be *recovered.* The Railway is more than a *fact,* it is a great *success!* Even under very unfavourable conditions of mismanagement it has proved *remunerative,* and it can therefore be *sold!* There are many millions of money lying idle in Great Britain waiting for such a sound and remunerative investment as our Railway would afford. The money would be a god-send to us, and the investment would be a real blessing to capitalists at home! The present Railway liability, which hangs like a millstone on the neck of the colony, is a fertile ground of excuse from Downing Street for restrictions of our expenditure on remunerative works! LET US SELL THE RAILWAY AND LIQUIDATE OUR DEBT! Then the export duties would be abolished, for there would be no use for them! Then the Gampola extension might be undertaken, for there would be ample funds for its construction, and it might be sold in turn. Then the Irrigation works could be restored, and native Agriculture would soon make us independent of foreign grain. Then the Railway would be managed in the interest of the people by directors who would be amenable to the people. Old sources

of revenue would be enlarged and consolidated and new sources would be opened out. The blot would be effaced from the escutcheon, and the debt the Government owes to native industry might be paid in full.

Confident that the public will enter up a judgment in favour of the paddy cultivator on all the counts of my libel, I leave the case in their hands.

Letter XII.

THE COFFEE ENTERPRISE IN CEYLON, AND THE BURDENS IMPOSED ON IT BY GOVERNMENT.

Coffee cultivation in Ceylon, whether regarded as a source of profit to the Planter, or of revenue to the Government, depends for its future success upon its ability to compete with that of other coffee-producing countries. If Ceylon possessed a virtual monopoly of the supply of coffee, such as she once enjoyed in regard to cinnamon, the Government might safely extract a large revenue from its cultivation without endangering the profit of the planter, or the progress of the enterprise; but as her produce enters into competition with that of other countries, the profit of its cultivation and its ability to endure taxation, are measured by the comparative advantages Ceylon possesses over other countries in the superior quality of the produce or in the lower cost of its production. Even if she had the entire command of the

coffee market however, good policy would dictate a moderate scale of taxation, for the history of the cinnamon duties proves that greed defeats its own object. Besides, it is an established principle of political economy, that if a country possess special advantages for any particular enterprise whether by virtue of climate, soil, position, or natural products, such enterprise should be encouraged and stimulated in order that those natural capabilities might be developed and turned to the best account, and that industry might be directed to those pursuits in which it is most productive and profitable.

How far the rule of the British in Ceylon has been based on this wise and beneficent principle; and whether the taxes have been adjusted according to the ability of the people to pay them, will appear more fully in the course of this inquiry; but we have already seen the effect of their policy on the grain culture of the Island, in the ruin of countless works of irrigation and drainage which were once prolific sources of wealth, but are now existing only as sad proofs that the Government has disregarded the permanent welfare of the country and has shown no care either for the interests or even the lives of the people. One of the most famous granaries of the east has been reduced by misgovernment to dependence on foreign supplies of grain. Districts which were formerly clothed with golden harvests now lie under the curse of perpetual miasm. A people who even under *pagan* domination prospered and

multiplied in the enjoyment of plenty are dying out of sheer starvation by the shameful neglect of a *Christian* Government. So far as we have yet seen, the policy of British rule does not appear to have been either wise or beneficent. This fact is of the highest importance to every Ceylon enterprise, and most of all to coffee cultivation. The paddy grower has suffered already all the evils that misgovernment can inflict on him; but the coffee interest has not yet suffered to the same extent; and may yet be redeemed and prosper, if the planters take timely warning, and look earnestly after their own interests.

I am aware that my strong invective against misrule has been attributed, in certain quarters, to personal animus against the Government; but I emphatically deny the imputation; and declare that, in bringing forward to view, so frequently and so strongly, the fruits of misgovernment, I have had no other object than to procure a remedy for past evils and to save the coffee interest, if possible, from sharing the fate of other equally important local interests. The question of the policy of Government, involves the future destiny of coffee cultivation; and the sooner the planters and merchants recognize this fact, the better it will be for themselves and for the Island. It is essential to the very existence of the enterprise, that the burden of taxation should not be such as to absorb the profits of the planter and plunge him into debt; but, shall we find the Government studying its capabilities and moderating

their demands accordingly? Their past policy answers the question! The planter, however reluctant he may be to engage in politics, must either look after his own interests or see them neglected and perhaps ruined. It may be safe *at home* to leave political matters to the thousands of unoccupied men of fortune and education to whom they afford a noble pursuit, and an honourable distinction; but we have no such class to whom to commit our interest, and we must either take up our cause for ourselves or we may see it lost. It is assuredly not safe in the hands of the Government; for the history of the past proves, beyond a doubt, that Ceylon is not governed for its own people, or for its own interests; but by a policy for which both would, if necessary, be sacrifled.

To the Ceylon coffee interest, it is almost as important to attract capital from home as it is to enjoy the advantage of local encouragement; but, would capitalists knowingly embark their money in a colony which is governed without regard to the interests of the enterprise in which that money is to be invested? Would any investment be safe in a country whose most vital interests are neglected and destroyed? where the people may suffer oppression, or die of starvation, without the facts being known at head-quarters, or regarded when known? A wise capitalist deems it as important to be satisfied of the just administration of the Government, as of the remunerative nature of the investment! A very

wealthy gentleman, who visited Ceylon not long since, declared that the principle of Government was so unfair that he would not invest any more money in the country, but would sell his property! And this is not a singular case. I know of several similar instances in my own experience; and I am quite sure that very large sums of money would be attracted to Ceylon by the high rate of interest and the ample security she offers, if her Government were administered with due regard to local interests!

The glories of Grain Culture and of Cinnamon have passed away. Ours is the era of *Coffee!*

Within the comparatively short space of 30 years the production of coffee in Ceylon has progressed from cwts. 34,000 in 1837, to cwts. 897,623 in 1866. During this period, the development of so large and productive an enterprise has of course stimulated trade, and conferred incalculable benefit on all classes of the people. The revenue has increased from £406,787 to £962,873, owing almost entirely to the influence of coffee cultivation, either directly or indirectly. To these figures the local Government ever appeal with pride; and flatter themselves that they have in them irrefragable proof of the success of their policy, and the wisdom of their administration; whether they are justly entitled to the credit they claim, will appear in the sequel.

It is necessary, first, to ascertain the causes to which the coffee enterprise owes its past success and present importance. If it should appear that these

are the results of special advantages which Ceylon possesses over other countries for the production of coffee; and, if these advantages are of a permanent nature, the enterprise may be considered safe, and it can afford to pay a very handsome revenue to the Government without infringing too much on the profit of the planter. If, on the other hand, it should appear that Ceylon possesses no such special advantages; that in the race with other coffee producing countries she runs pretty even; that the relation between the cost of production and the value of her produce has lately been such as to threaten the profits of cultivation; that whilst her profits are diminishing, her burdens are increasing; and above all, if it should be shown that, during the last three years whilst the Government have been boasting of her success and increasing their demands, her staple enterprise has been laid under a heavy load of debt, there will be reason to fear lest the coffee interest should share the fate of grain culture, and be ruined by neglect, misrule, or over-taxation!

The origin of coffee-planting in Ceylon is so familiar to your readers, that it is unnecessary for me to enter at any length on that subject. Suffice it to say that the promising conditions under which it was commenced, and the high expectations indulged by the first planters, were very soon changed. As early as 1846, it had begun to be regarded by some of those who were most deeply interested, as a doomed enterprise. Proprietors at home were alarmed for their

interests in Ceylon; and emissaries were sent out to investigate and economize, or to wind up several large concerns. The Commercial Panic of 1847 occurred at a critical time, when doubts as to the remunerative capabilities of Ceylon coffee property had been confirmed and strengthened. Many flickering concerns were at once snuffed out by that sharp trial; and there came a general and terrible reckoning between English creditors and their debtors in Ceylon. Numerous coffee properties were forced to sale and were acquired for fabulously small amounts by such lucky people as happened to possess a little cash. Estates that had cost ten or twenty thousand pounds, were sold for a few hundreds, to the ruin of the owners and their supporters.

Then commenced a new era. Estates emancipated from the load of debt under which they had been struggling, and created anew, as it were, for a mere trifle, became profitable to the new purchasers: a scale of production which had been totally inadequate to meet the inevitable charges on the previous burden of debt, became profitable when those charges ceased. Old things had passed away, and a new order of things had succeeded. *Imagine the change which would be wrought in Ceylon now, if the coffee estates were suddenly relieved of their debts!* Such was the actual change in 1847-8!

The inflated expectations which had been indulged by the early planters, had naturally led to a reckless and extravagant scale of expenditure; but for

some time before the crisis of 1847-8 occurred, a work of reformation had begun; and by the time the new proprietors entered into possession, a rigid economy had already been established. They therefore succeeded to the property not only at a nominal first cost, but when working expenses had been reduced to a minimum. These were no mean advantages; but if fortune had conferred no further favours on our coffee planters, there would have been no material increase in the extent of cultivation. The existing plantations would have been worked with profit to their new owners; but it would still have been impossible to pay the cost of opening new ones, if it had not been for *the rapid improvement in the market value of coffee which then began to take place.*

At first, when higher prices began to rule, their permanence was so little trusted, that many owners of estates sought to improve the opportunity by selling out, before a fall should occur. So strong was this feeling, that a large amount of property changed hands about 1851, on terms scarcely less favourable to the buyers, than were the bargains of 1847-48. The price of Coffee, however, continued steadily to improve, and its cultivation not only prospered abundantly but increased rapidly. A tide of prosperity set in, and continued to flow, apparently unchecked, till recent events, droughts, famine, and financial difficulties, arrested its progress and closed another epoch in the history of the Ceylon coffee enterprise.

The impulse to *progress* was evidently the improved value of coffee; and to that circumstance taken in connexion with the economical cost of production which prevailed at the time when the impulse was given, is to be attributed the rapid increase of cultivation from 1853, and the high degree of importance which our coffee enterprise has attained. The market value in these days of free trade being pretty nearly the same for all competitors, it may be fairly assumed that whatever stimulus coffee cultivation received from that cause in Ceylon, would be shared by other coffee growing countries; and that, therefore, the only special advantage which Ceylon could have possessed, must have been in the cost of production. That this was on an exceedingly economical scale in 1848, and has since been seriously increased, are facts which have lately engaged public attention: the discussion of them has occupied a large share of your columns. It remains to be considered what effects this increased cost has produced during the period we have in review, and to what extent it may be considered permanent and unavoidable: we shall then be in a position to see whether the enterprise is capable of bearing a higher scale of taxation in 1868, than it was in 1848; and to form a fair estimate of its future prospects.

During its career of prosperity, coffee cultivation wrought a wonderful change in the condition of Ceylon. Capital was introduced and great wealth

created; thousands of acres of worthless jungle were converted into fruitful plantations; hundreds of miles of roads were made; commerce was immensely increased; native interests on the borders of the coffee districts were redeemed from the decline and degradation which they suffered elsewhere; the revenue was doubled, and the local Government acquired the eclät which always attends success as well as the influence inseparable from an overflowing exchequer. Such were the fruits of the coffee industry to the Government and the country; but, What has been the result to the coffee planter? Has he derived from his capital and enterprise advantages corresponding to the benefits he has conferred? Have his profits been commensurate with his contributions to the revenue? Are his coffers, like the Treasury vaults, overflowing with riches?

Letter XIII.

COFFEE PLANTING: THE ACTION OF GOVERNMENT DURING THE LAST EPOCH.

For some time after the convulsion of 1847-8, Ceylon coffee investments were in great discredit amongst capitalists at home. The severe losses of that crisis created a strong prejudice against coffee property, and were not soon forgotten. The Rebellion of 1848 served to increase the feeling of distrust, by shaking confidence in the security of life

and property; and by suggesting fears lest the Tamil coolies, whose labour was so essential to the working of the estates, might be deterred from encountering the risk of disturbances, especially as their route lay through the most infected part of the country.

It would be too long a disgression from the object of this correspondence to discuss the causes which provoked that Rebellion; but the most influential and best informed men of that day agreed in considering that the Government were in fault. Be that as it may, the event brought Ceylon into notice at head-quarters, and engaged the attention of Parliament. Although the discussions in the House turned chiefly on political matters, our merchants and planters thought it a favourable opportunity for representing the wants of the country and for obtaining redress for some of their grievances. With this object several efforts were made, but with little or no effect, for it was treated as a party question and neither the material interests of the Island nor the welfare of the people elicited any interest except so far as they could he made to serve party purposes. Already coffee had become the most important source of revenue and the principal hope of the country; but the ruin or restoration of the coffee interest was unimportant in comparison with the fact that a native rebel priest had been shot *in his robes*. This was a trump card, a political capital! Personal quarrels and the recriminations of officials led to the exposure

of some abuses, but otherwise the discussion of Ceylon affairs on that occasion was almost barren of useful result. The great extent to which officials had embarked in coffee and land speculations; and that huge job, the Ambegamoa road, attracted notice because they were facts which told in the contest between parties. Otherwise the grass might have continued to grow in the very wheel tracks on that magnificent road where there was no traffic, whilst carts where sinking to their axles on the great trunk road within a few miles of Kandy, and the fact would not have been deemed worthy of mention. The recent discussion of the Jamaica affairs affords a parallel instance; for whilst party feeling ran high on the personal matter as to whether Mr. Eyre should be hanged, scarcely any interest was manifested either by the press or politicians as to the actual state of the country or its prospects.

The discouragements the planters endured for some time after 1847-8 made their lot by no means enviable, but relieved of debt, and working year by year on improving prices, they gradually began to look up and eventually to thrive. Still it was uphill work. The roads were miserably bad and the ferries dangerous. Neither the Gampolla nor the Matella roads had ever been metalled and they were frequently almost impassable.

The planters had as yet acquired but little influence and therefore could not obtain redress, and were snubbed whenever they approached the Govern-

ment with that object. Individuals and deputations used to wait on the Governor to represent their grievances and prefer their requests, but his Colonial Secretary was gifted with a wonderful faculty for repelling them. He was dignified, unapproachable, spoke with a splendid asperity and never conceded anything to a planter under any known circumstances. As armour-plate he could stand any amount of fire and defied all the artillery of the day. He was a giant in those days and he can even yet double up a young legislator or repel a planter with great unction. We used to try to gain access to the Governor himself, but with rare success, and it made little difference: we went away as empty if not as angry as from the more stern presence of the Colonial Secretary. The fact was that both Government and planters were poor: the only difference was that whilst these were abject, those were clothed with the power and dignity of the State.

Whilst the planters were thriving by force of economy, good prices and freedom from debt,—the Government continued its course of neglect and the public works fell into a state of disorder and decay. The planters in the meantime had to maintain their ground as best they could. They paid no export duties, had cheap rice, and cheap labour, and eventually rose from their abject condition to become influential as well as prosperous.

After a few years of prosperity, the capital created by industry or attracted by successful en-

terprise began to seek investment and there sprung up about 1853 a demand for forest land. The Survey Department had however dwindled into inefficiency and was almost entirely engaged in settling boundaries, a work which sounds well enough to the ear but which was in reality a mischievous means of creating dispute and difficulty where neither needed to have existed. The head of the Department was a highly scientific man who could not endure the least inaccuracy in the work of his office. The coffee lands having been originally surveyed by incompetent men, or very hurriedly, several years before when there was a mania for coffee planting, the title plans would not fit together on his charts; and he set to work to make the estates conform to the plans, which he considered much more reasonable than to alter his plans according to the undisputed and acknowledged boundaries of the lands. One or two entire districts were declared by this scrupulous official to be altogether out of place; and he wanted to put them right, by compelling the owners to "move up" to the places, no matter how high and unsuitable, where their estates appeared on his charts! Applications for more land were deemed unworthy of the least notice, whilst this work was going forward: land was not to be had and *progress* was impossible. The planters however, who had had their wits sharpened by recent adversity, and their energies aroused by present prosperity, were not content to be neglected any longer; and they combined, under the

leadership of some of their principal men, to form THE PLANTERS' ASSOCIATION. Early in 1854 a circular was issued to the whole fraternity, containing in a few short pithy sentences, a statement of their grievances, and inviting them to combine for the purpose of protecting their own interests and of grappling with the great obstructive. The circular did its work, and the planters responded right heartily. They had such a gathering on the 17th February as had never before been known in Kandy and the Association then inaugurated, became forthwith a power in the State.

A new era now commenced: roads were repaired; the Surveyor General bolted; land was surveyed and sold; coffee estates were multiplied; and planters were respected. Soon afterwards, Sir H. G. Ward came to give the crowning impulse to enterprise, and the *coup-de-grace* to all obstructives.

The Land sales became so large as to cause an important addition to the revenue. The Pearl Fisheries also, which had long been unproductive, began again to contribute to the Island's wealth. Everything in fact prospered or seemed to prosper; and the revenue so far outstripped the expenditure, that large annual surpluses accrued. These were eventually the cause of the decline and difficulty of the coffee enterprise, and of the drain upon the resources of the country.

For a few years, the larger portion of the surplus revenues was applied to reproductive works,

in accordance with the wise and beneficent policy of Sir H. Ward; but, ere long, the glittering treasure attracted the covetous attention of the Home Government who were not content that such a mine of wealth should be dissipated in so extravagant a manner for the benefit of the contributors. Sir H. Ward designed to devote it to the encouragement of enterprise, and to the development of the industrial resources of the country; and year after year he succeeded in bringing in bills for that purpose, but H. M. Ministers had resolved to appropriate the surpluses to other purposes.

They therefore promoted Sir Henry, who was not at all the man to carry out their object; and they appointed a successor by whose "admirable management" of the public funds the treasury was filled to overflowing at the expense of the public service. Every interest in the country was ruthlessly sacrificed for the purpose of accumulating a hoard of the public money.

The British taxpayer appreciates a Minister who contrives to reduce taxation; and consequently a British Chancellor hails, as a source of influence and power any fund on which he can draw for relief of the public exchequer. Our surpluses offered a rare chance and the Home Government determined to make the most of it: Ceylon was to be squeezed.

For a while the screw was applied with such vigour that all the public departments were starved into the most miserable state of inefficiency. Not

only were new works stopped, but old ones were neglected. Every thing which depended on private enterprise was in a high state of prosperity; but all that devolved on the Government was reduced to a condition so alarming, as to elicit the strongest protest from the Legislative Council, who passed a vote of censure on the parsimonious policy which was ruining the country! While the public exchequer was overflowing with the accumulated surpluses of several years, the public works department fell into a state of utter disorganization. The police was so corrupt as to be rather a cause than a preventive of crime; the post office was a bye-word of irregularity; the fiscal's department was impracticable and useless. Irrigation works were wholly neglected and forgotten; and the true interests of the country were sacrificed.

The vote of censure caused a sensation. Here it was hailed with universal satisfaction: at home it produced a check. The policy by which the objects of Government were to be realized could not be carried out without the form, at least, of legislative agency, and the Council offered a resistance such as threatened their success. The prize however was worth a strong effort; and, therefore, it was resolved to coerce the Council. Its deliberate votes were annulled; and henceforward it was to exist only as a means of giving the appearance of a constitutional sanction to the fiat of the Secretary of State. The unofficial members, finding that they could no

longer retain their seats without committing the public to measures and liabilities which would be forced through the Council contrary to the conscientious convictions of the majority, resigned them, in order that the whole responsibility of such measures, payments, and pledges should rest upon their real authors; and that the people should not seem to sanction a policy they unanimously condemned.

So long as the revenues were applied to local uses and reproductive works; and so long as the various departments of Government fulfilled their functions efficiently in the service of the public, the heavy taxation to which the country was subject did not produce any sensible depression; but when the public money was continuously drained off from local objects and applied to foreign uses; and when the various departments of the Government lapsed into neglect and inefficiency, every material interest suffered under the discouraging effect of so unwise a policy. The coffee duties, originally offered voluntarily as a means of supplementing a revenue which was declared to be insufficient, were levied when there was already a surplus without them; and, instead of making up for a deficiency, they went to augment an excess. The planters remonstrated against this abuse; but unfortunately they exhibited far greater anxiety for the *expenditure* of the surplus, than for their extinction. The real danger of those surplus revenues was not generally foreseen, though it was plainly enough foretold by an unofficial

member of Council, who quoted in a speech on the subject the following passage from Mill :—

"No proposition in regard to Government was more uni-
"versal, more free from all exceptions than this, that a Gov-
"ernment always spends as much as it finds *possible* or *safe* to
"extract from the people. The more profoundly read in the
"history, the more thoroughly would any one be convinced of
"the universality of the fact."

The country has since realized the truth and force of this doctrine and should profit though late by past experience.

The Home Government acted with extraordinary vigour in dealing with our superfluous finances, and not content with anticipating payments ten years in advance and exacting increased Military contributions from the funds we had in hand, they pledged *future* revenues and laid the country under liabilities which will deprive us of the means of progress, if they do not involve us in public debts.

The pressure of the coffee duties was not felt immediately, but developed itself gradually. The pearl fisheries which for several years had yielded large returns, suddenly ceased to be productive, and a succession of misfortunes accelerated and intensified the pressure on Ceylon enterprise. The difficulties of 1864, the droughts of the two following years, the famine and financial crisis of 1866, completed the discouragement of the coffee planters and laid their fine properties under a heavy burden of debt. All classes of the community have shared the depression and suffered the exhaustive influences of the drain the Government has enforced and every

one except the Government who regard the public interests through the flattering pages of the Blue Book, feels and deplores the altered state of things. The Government alone sees no danger and therefore takes no precaution nor prescribes any remedy; but are now passing ordinances whch enormously increase our burdens, both present and prospective.

What are the evidences afforded by the last epoch in the history of Ceylon, during which her revenues have doubled and her material interests have been so advanced? What has been the source of her prosperity? Take away the pearl fisheries, what else but the coffee enterprise can have contributed to her revenues and progress? From what other interest can her surplus funds with which the Government has made so free, have been drawn? What does the coffee planter owe the Government? and what do the Government and the country owe to coffee enterprise?—Making all allowance for the beneficent rule of Sir H. Ward, what upon the whole have been the attitude and action of Government towards this mainstay of the country's wealth?

Letter XIV.

THE COFFEE PLANTERS AND THE GOVERNMENT.

The brief sketch of the history of coffee planting in Ceylon contained in my last two letters, will

suffice to prove that the rapid progress of the enterprise after 1853, was due to the low price at which the coffee estates had been acquired; the economical scale of expenditure; the enhanced value of coffee; and the comparatively small burdens it had to endure in the way of either debt or taxation. It enjoyed no extraordinary natural advantages, nor was it stimulated by any special local facilities or encouragement. The pioneers of cultivation, basing their calculations on an extraordinary scale of prices, which ruled some years previously, had been reckless in their expenditure. The estates were created therefore at a ruinous cost, and their first crops were produced at extravagant rates. When a reaction came, and the price of coffee fell by more than half, the consequences were most disastrous to proprietors. Estates were of course reduced in value according to the newly established price of produce, and the cost of production had to be conformed to a new scale. In the struggle which ensued, the export duties were abolished and the enterprise was thus relieved of a considerable burden; but this was not accomplished without great and repeated efforts, such as our planters of the present day would do well to imitate! The military contribution of £24,000 per annum, was also nearly given up, and barely held its groun p against the stout resistance of the planters of that day.

The experience of the last 20 years, ought to convince every planter who is acquainted with the events of that period, that the Government will con-

cede nothing without pressure; and that the interests of the public are only safe when they are vigilantly guarded by the people. During the early part of the period I have in review, the action of Government with regard to the coffee planters was in the highest degree obstructive. They might have been justified perhaps in withholding active encouragement from an enterprise which seemed doubtful, as it was right to let it stand or fall by its own merits; but so far from encouraging, they perseveringly neglected it, and obstructed its progress!

It will be alleged in opposition to this view, that a very large and undue proportion of the expenditure on public works, of late years, has been for the encouragement of the coffee enterprise; but even during the period when the public money was most liberally and wisely expended in reproductive works, it would be impossible to show that the coffee planter got any advantage for which he had not provided the means and paid a full value! I shall recur to this subject hereafter; for the present, I desire only to show that if the planters regard their own interests, they must not confide them to the paternal care of the Government, nor trust them to take care of themselves; but, acting on the experience of 1846 and 1854, they must take active measures to relieve themselves of all such burdens as threaten the success and progress of their industry. Let them consider the state of affairs in 1864, when all the departments of the public service were reduced to so disgraceful a

state of neglect, whilst the Treasury was overflowing with the accumulated surplus revenues of several years! Let them consider, too, how largely our future burdens have since been increased. Let them consider that even yet, with the existing depression of all interests and classes before their eyes, the Government are fastening more firmly on us than ever, their old exactions and imposing new ones besides.

I have already shown how much the country and the Government have been enriched by the coffee enterprise; and I have contrasted the splendid condition of the coffee plantations, with the depressed position of the planters. The capability and productiveness of the estates are proved by their beautiful order and by the amount of the exports; and the depressed condition of the planters, is a proof that their profits are absorbed by taxation, and that their labours are unrequited.

A careful computation of the returns of coffee cultivation at different periods, shows that they are now very nearly the same as they were about 1853. The cost of production is higher now than at that date, but so also is the price of coffee. But whilst the *returns* remain about the same, the *contribution* to the revenue is almost doubled!

In considering the burdens on coffee cultivation, the *capitalist* must be regarded separately from the *planter*, as their interests are entirely different. It is true that their interests are often combined in the same individual; but, nevertheless, there are obvious

reasons for keeping the distinction always in view. The former must have his rent or interest as a first charge; and the returns of the latter are subject to such deduction before his income, or his power of paying taxes, can be ascertained. Taking into account the value or cost of coffee property as it stands now in the books of the proprietor, as compared with the same cost or value in 1850, it will be found to be nearly double; and hence, whilst the contribution to the revenue has been doubled, the tax-paying power has been reduced by half.

I had intended in this letter to show, by figures, the amount of the coffee-planters' direct contribution to the revenue, and to compare it, as well as their gross returns, with the same items as they existed in 1850; but, considering the near approach of Christmas I refrain, as I would not at such a festive season impair the digestion or injure the appetites of those truly jolly good fellows, the planters, who read your paper in their pleasant bungalows on the hills. I reserve my figures, therefore for the present; and, instead of decanting on past depression, of which they have heard enough and felt too much, I will conclude with a word of encouragement and hope.

I would remind the planters of the brilliant example of the seventeenth of February 1854, and of the splendid success of the movement inaugurated on that day. With that example before them, they need not despair of obtaining any such relief or redress as may

be essential to their present safety and future progress.

Let the Planters' Association invite *every planter in the country*; and let all for that one occasion be *equal.* Let not the voice of a sensible working manager be stifled by that of a member with ten or twenty votes. A general gathering of the planters would be a most interesting occasion and might achieve important results. A motion is to be made in Parliament during this session for a Committee of Inquiry into our affairs. Many members are prepared to support it and others will no doubt be induced to oppose. A demonstration in its favour on the 17th February by the body of the planters would be most influential.

It is impossible that the present condition and wants of the Island could be fully discussed in a single debate. A Committee of Inquiry is therefore the only means of bringing them to a practical issue; and the present time is most favourable for such inquiry. As it would not have to deal with merely political matters but would be eminently of a practical character, it would not be likely to be made a *party* question in the House, and it could hardly be made so elsewhere, as evidence would be collected *from all sides.* I believe that public attention at home could not in any other way be so effectually or beneficially directed to our affairs, and I feel therefore that if this opportunity were lost, it would be a great misfortune to the Island, and especially to the planters.

Letter XV.
THE TAXATION ON COFFEE PROPERTY IN CEYLON.

There is in coffee-planting as in every other agricultural enterprise, a wide range in the amount of the profits realized in particular cases. Both the value of the coffee produced and the cost of its production vary considerably in different districts. Besides the differences produced by natural causes, such as soil and climate, and by the facilities peculiar to certain properties and localities, management has of course a great effect upon the result: skill and energy often securing success under circumstances where the want of those qualities would have led to failure. Hence conspicuous examples of individual success are quite consistent with general discouragement; and on the other hand, the ruin of particular concerns might occur when the enterprise was in undoubted prosperity. In coffee-planting there is an unusual extent of variation in the result of particular estates, and hence there is a special difficulty in arriving at an accurate average.

It will be freely admitted, however, that the average return does not exceed 20s per cwt., exclusive of planter's living, and rent or interest on capital, and that, in adopting that figure, I give a

favourable view of the planter's income. Assuming then that the planter realizes 20s per cwt., as the difference between the price he receives for his coffee and the actual outlay on its production, exclusive of the items before-mentioned, the return on a crop of cwt. 1,000 would be £1,000. I adopt this amount of crop as being very convenient for my purpose; and at the same time exceedingly near the actual average amount of the crops of estates in Ceylon. Moreover what is true of cwts. 1,000, is equally true of any other quantity.

In order to ascertain the proportion of this return of £1,000, which falls to the planter as such, we have to determine the amount payable for the rent of the property or interest on its value to the capitalist. This depends upon the value of an estate capable of producing an average crop of cwts. 1,000, which must therefore be estimated to complete the calculation. According to the average rate of production of the plantations generally, such an estate would be of about 180 acres in extent. The value assigned to coffee lands taken for Railway purposes three years ago, was £50 per acre: the lowest ordinary valuation of fair estates is not lower than £40 per acre. If therefore I assume the value of an average estate of 180 acres at £6,000, or £33 per acre, and deduct rent or interest accordingly, it will be granted that in this part of my calculation also, I take a favourable view of the income accruing to the cultivator. Deducting from the return of £1,000 the

sum of £600 as rent or interest, the gross earnings of the cultivator as such, are £400 upon cwts. 1000; and whatever he can save out of that sum after paying for his living, is his net profit.

In separating the interest of the capitalist from that of the cultivator, I do not overlook the fact that the two are generally combined in the same individual; and that, therefore, in most cases the planter enjoys an income far larger that he would have as a mere cultivator; but, even in these cases, the owner is rarely ever entirely independent of borrowed capital and its inexorable demands! Hence the distinction between the two separate interests must always be kept in view, for capital *must* be paid for, however severely it may tax the planter's income. It has been of late years a painfully common case for planters cultivating their own estates to be barely able to pay the interest on the borrowed portion of their capital, their own yielding them nothing whatever. Owners whose estates were free from debt have in some cases found, during these years of drought and famine and financial difficulty, that their losses as cultivators had trenched deeply upon, or wholly absorbed the interest on their capital.

The fact that the coffee enterprise is carried on to a very large extent by means of borrowed capital, and the reasons why it must necessarily be so, have already been fully explained in my earlier letters and need not now be further discussed. It is sufficient for my present purpose to say that, however

much it may be to the disadvantage of the enterprise, it is not to the discredit of the planter. There being little or no capital here, and the climate being unsuitable for capitalists to settle, the enterprise must necessarily be mainly dependent on borrowed capital; and the interest, forming a large proportion of the whole return, is therefore *exported.* It is impossible to over-rate the importance of this fact in its relation to the ability of the coffee enterprise to endure taxation, or to bear such disasters as have pressed severely upon it during the last three years. It is obvious that if the capital were local and the estates free of debt, the worst that such calamities could inflict would be to reduce or absorb the return; for, such capital which would then depend on the result of the cultivation; whereas the interest on *borrowed* capital, being fixed and independent of the planter's risks, it must be paid, however the crop may have failed, or whatever losses the cultivator may have had to endure. It is equally obvious that. as the interest so paid on borrowed capital is exported, the country and enterprise are impoverished to a degree which merits more attention than it has hitherto received from the Government.

The taxes paid by the coffee-planter to the general revenue, are of course included in the cost of the production of his crops, and consist chiefly of customs duties on the imports of rice, &c., and on the exports of coffee; salt-tax, stamps and tolls. On an

estate producing cwts. 1000, they average very nearly as follows:—

Import Duty on rice	£30	7	0
Other Import duties...	9	10	0
Export duty on Coffee	50	0	0
Salt Tax	4	3	0
Stamps...	22	10	0
Tolls	49	17	0
General tax as paid by all tax-payers detailed in No. IX., 24th October ...	1	3	8
and amount to a total sum of	£167	10	8

or equal to nearly half the earnings of the cultivator.

Having already shown in previous letters that these items of taxation do really fall all upon the planter and actually diminish his profits by their full amount, it is not necessary to revert to that subject; but it must be borne in mind that these items do not represent the full extent of the pressure of taxation on the coffee enterprise, as almost every item of the planter's expenditure in raising his crop, is more or less affected by the taxation of other classes of the people. It must be further remembered that the whole burden is borne by the planter, and that the capitalist is wholly exempt. In fact the greater the necessity of the planter, the more rigorous will be the exaction of the capitalist, and the more difficult to obtain capital. In proportion as the planter's profits fail, the value of his securities declines and the rate of interest rises. His burdens and difficulties increase in fact, in proportion as his ability to bear them diminishes.

Duty on Rice.—In computing the amount of duty paid on rice, I have adopted the proportion

of 27 days cooly work to each cwt. of coffee produced, as laid down by a competent authority in the recent discussion on Estate Expenditure, and have calculated ¾ of a bushel of rice to every 20 days' coolie labour. This tax is in direct violation of all modern principles of political economy, and is utterly indefensible. It has been proved in the course of this correspondence that it does not operate as a protection to native agriculture, the only excuse by which it could be in the least defended, and it presses with great severity on the coffee planting interest. This tax must not however be put in the same category with the tax levied on the native paddy growers, which, besides being oppressive and impolitic as a tax on *food*, is peculiarly iniquitous as putting the tax-payers in the power of extortionate renters. It has been condemned by every Committee to whom it has been referred; and would not survive half-an hour's debate in the House of Commons.

Export Duties.—On the subject of the export duties, much has recently been written in consequence of the late agitation for their abolition, and a great deal of angry recrimination has been indulged. Every circumstance that could possibly be urged to justify the action of the Government in mortgaging these duties to the debenture-holders; and every thing that could possibly be raked up in disparagement of the action of the planters, has been strained to the last stretch by the Colonial Secretary, and by your correspondent "An old Subscriber," who must have

exhausted your copious fount of capitals to give weight to his specious statement of the case. On the other hand, "W. M. L." has given a clear, honest and manly explanation of the other side of the case, which needs no capitals to give it weight or to commend it to the sound sense and judgment of honourable men. There remains little to be added to these statements; but one point seems to have been overlooked. The late Sir Henry Ward imposed these duties with extreme reluctance, foreseeing the difficulty that might arise in effecting their abolition when the special necessity for which they were imposed should have passed away. I have repeatedly heard him express his astonishment at the proposal of the planters to submit to this special tax, and I have reason to believe that in acceding to their wish he was influenced not only by his well known anxiety to secure to the colony the incalculable advantages of the Railway; but also by the fact that the planters had once before proved strong enough to shake off a similar burden. In giving effect to the popular wish, he took a precaution which ought to have proved effectual, but it seems to have been almost if not altogether overlooked. The duties are imposed by an Ordinance which expressly sets forth that they are levied as "an additional means in aid of the general revenue to pay the *Interest* guaranteed to the Ceylon Railway Coy. on capital." Whether these duties can *legally* be levied for, or applied to any other purpose than that for which they were expressly

enacted, I will not take upon myself to say, but there cannot be two opinions as to the transaction of mortgaging them to the debenture-holders or applying them to payment of principal. The Parliamentary vocabulary has no terms suitable to characterize such acts.

It is quite vain to refer to the action of the Legislative Council in 1864, for the bill of that session was sent by direction of the Secretary of State to receive that semblance of local legislative sanction for which alone that Council now exists. The resistance offered by some, and the acquiescence of other unofficial members, must be regarded in connection with the circumstances. The Bill was certain to pass and resistance was quite vain. On the other hand, it was considered to be a less evil to the colony to allow its funds to be paid or pledged in any way for local objects, than that they should remain unappropriated and exposed to raids from Downing Street. If the colonists will tolerate such a dangerous institution as the Legi lative Council is admitted to be by Sir H. Robinson in his despatch of 28th June 1867, they must judge the conduct of its members by the circumstances in which they are placed. Whatever may have been the motives or opinions of the unofficial members at the time of the debate on the Railway Bill, there is no doubt about their sentiments on the subject of the export duties immediately afterwards, when they resigned their posts rather than commit the Colony

to such a "semblance of local sanction" as was required of them. There is not the least ambiguity in the language to which they all subscribed in their letter of resignation, where they say of this "extra-"ordinary portion of our taxation which, having "been voluntarily undertaken for a specific purpose, "cannot in good faith or justice be levied any longer "than it is required for that purpose. Until that "remission has been made, the revenue cannot justly "be pledged for any new expenditure."

Whether wrongly or rightly, however, the planters' special voluntary contribution has been mortgaged to the debenture-holders and the only way of discharging the obligation so created, will be by selling the Railway. The proposal to lease it would be of no service to us. It would neither relieve us of our obligation, nor return us our money; but would only introduce a new body of lessees to divide our profits with us. The Railway could be sold to a profit, and would thus supply us with the means of making the Gampola Railway without incurring new debts. Nor do I see any other means of correcting the drain that has been going on for several years, and has inflicted such suffering on all classes of the people.

STAMPS.—The taxes levied in the shape of *Stamps* are very oppressive to the coffee planter, who being so largely dependent on borrowed capital, is continually creating and renewing or assigning bonds on his property or crops for financial purposes, and

has to pay an excessive rate for the stamps required by law for the deeds and registrations. The estimate of the average amount paid in this form of tax, is as near as I can ascertain it, and I believe it to be below the truth; still it is difficult to estimate an item which differs so very widely on different estates.

Tolls.—The amount paid in *Tolls* for the maintenance of the high roads, deserves consideration in connection with the general action of Government in regard to this branch of the public works. The position of the planter has become worse of late years, in respect to the cost of constructing and maintaining the roads; for he has been required to pay half the cost of the construction of district roads, the other half being represented by the price paid for his land which, according to the principle laid down by Earl Grey, ought to be expended in opening up communications. Having thus paid for the roads, the planter is further charged with their maintenance. Thus the heavy charge levied in the shape of *tolls*, is far from representing his contribution to the public highways. Notwithstanding the immense amount he pays to these public works, the cost of his carriage was 17 per cent. higher in 1862-5 than it was in 1849-55; and he is nevertheless called upon to be profoundly grateful to the Government for the partiality and *favour* which they are supposed to have shown him!

Considering the amount of the planter's income

even on the favourable bases of the foregoing calculation; and comparing it with the amount of taxation he has to pay, there is no great wonder that so few planters in our large community realize fortunes; nor that in times of depression, like these last two years, so many have been reduced to extremities.

The Governor has been pleased to refer the present depression of the coffee enterprise to the extraordinary facilities given to the planters by financial agents, and to an *abuse of credit.* When His Excellency officially put forth this harsh accusation he may have had in view some particular instances of such abuse; but in applying it to the whole community, he did a grievous injustice to the brave men who had weathered the storm and proved the soundness of their position by withstanding a series of unprecedented local disasters, crowned by a convulsion of the financial world which shook the very basis of their enterprise.

The fact, as between the coffee planter and the capitalist, is simply that, when the former was *prosperous* the latter was *free!* The prosperity of the borrower is the safety of the lender; but if the borrower shows signs of weakness, the lender is inexorable. If prosperity were again to dawn upon us, capital, for which we pay so high a rate of interest, would *flow* again freely; but whilst our depression lasts, capital will *ebb.* Seeing then that we are so dependent on borrowed capital, the severe taxation we endure falls with double force, by absorbing our

profits and scaring away the capital from our enterprise. It is undoubtedly the policy of Government to encourage and to foster the staple industry of the Island, and it is the duty of the planters to remonstrate against the discouragements they are now suffering. An influential proprietor in an important district stated to me a few weeks ago, that there was not a planter in his district who did not earnestly desire to quit the country. There may not be many places in which so desponding a spirit prevails, but it is a fact patent to all observers that there exists a feeling of deep depression throughout the planting community. The Government would do well to consider the tendency of that feeling, at the same time that they boast the amount of the revenue, and publish at the back of their Railway debentures, facts and figures which have a significance to the people here, so different from that which they are intended to convey to the people at home.

I rejoice to believe that the 17th of February will see a grand gathering of all the planters to confer upon their common cause, and take such resolutions as may be deemed necessary and advisable to redress present grievances, and ensure future success. The Associationshould avail itself of this opportunity to gather into its pale, every man who attends the meeting, and so enlarge its borders as to make itself once again an influential body, fairly and fully representing the whole of the planting community.

Letter XVI.

THE COFFEE-PLANTERS, GOVERNMENT AND TAXATION.

The fact that the planters are suffering severe depression, whilst coffee cultivation in which they are engaged is sound and profitable, is fully explained by the circumstances under which their enterprise is carried out. These have been fully set forth in my previous letters, and they shew that the planters, having to export so large a proportion of their returns, and to pay so much of their income in taxes, do not acquire such a reserve fund of accumulated savings, or created capital, as generally accrues to profitable undertakings and enables them to bear temporary reverses without permanent suffering, The Government and its organ the *Times*, affect to consider that dependence on borrowed capital is a sign of *rottenness* and to regard my statement of the coffee-planters' case as an injurious libel on that most respectable body, on whose behalf therefore they profess great indignation against me. This is a curious doctrine to emanate from such a quarter; but the coffee-planters will be quite re-assured by the fact that all the best enterprises in the world are carried on more or less by means of borrowed capital; and that a good borrower is as respectable a member of society as a capitalist, and is equally essential to the vitality of commerce and industry!

The respectability of the borrower and the sound-

ness of his enterprise depend on the condition and value of the security he offers. Hence I have throughout this correspondence laid due stress on the fact, so creditable to the planters, that their estates are on the whole in admirable order and cultivation; and I have steadfastly maintained the soundness of their position by appealing to that irrefragable proof. The securities, which the planters as borrowers have to offer are, in fact, in the highest condition to which they can be raised, but their value is depreciated by over-taxation and discouragement. The value of property depends upon the return it yields to the *cultivator,* and therefore it follows that whatever portion of that return is exacted by the Government, goes in direct diminution of the value of the property.

My object in the statement of his case is to obtain relief for the planter. To effect that object I have proved that *his circumstances demand relief.* The *Times,* echoing the sentiments of the Government, tenders the planter a little flattery, assures him he is not so badly off as I represent him to be; and would fain prevail upon him that it would be mean and contemptible to complain of burdens so light as his, and recommends him cheerfully to submit to have them fixed more firmly. The ruse is worthy of its authors and their object! It is very convenient for the Government to regard the planters as rich and independent; but they cannot afford to be so regarded! A man might feel flattered by being considered as the owner of the house or mill he occupies; but if

the *tax-gatherer* were to treat him as such, he would have no scruple, nor feel any shame in confessing that he was indebted to some other capitalist even for the shelter of his habitation or the seat of his trade! Why then should the planter feel any shame in the admission that he is not the wealthy person the Government represents him to be, and cannot afford to accept the obligations such wealth would impose?

I have truthfully accounted for the present depression of the planting interest by means of a faithful statement of the providential disasters it has had to endure, and the discouragement it has suffered by excessive taxation. The Government and the *Times* refer that depression to *extravagant expenditure and abuse of credit,* a double slander which will be remembered along with the equally heartless and false reference of the depression of indigenous agriculture to the apathy of the native.

The planters have, it seems, two friends: one, who would persuade them that the Government is wise and liberal, and that the existing scale of taxation is moderate and necessary, seeks to fasten their burden upon them more firmly; the other, who believes them to be unduly taxed, recommends them not to put their trust in princes.

I will not allude particularly to the instances in which the Editor of the *Times* has lately sacrificed the principles and opinions to which he was most solemnly pledged, in order to secure the favour of the Government, the service of which he has ac-

cepted, and from which he is seeking preferment; but his arguments against my statement of the planters' case cannot be fully appreciated unless these circumstances be kept in view. His denunciation of the meanness and bad faith of the planters in demurring to the paltry shilling a cwt. of export duty, must be compared with the opinion he expressed on that subject in his letter of resignation from Council! His present views of the taxation of the country will lose much of their force by collating them with the opposite opinions he then expressed; and generally his recent laudations of the Government, contrast remarkably with his former utterances. Perhaps it may occur to the planters whom he so severely criticises, that he who probably does not contribute one hundredth part of his income to the revenue, should not be so assiduous in his efforts to fasten the burden on those from whom a third is exacted. It would be interesting to know what line of conduct he would pursue, if a like proportion of his income were required of him.

The *Times* declares that Tolls were never before classed amongst *taxes*, and demurs to their being included in the list of the planters' contributions to the revenue; but however unusual or barbarous it may seem, it is nevertheless the *fact* that in Ceylon tolls are so levied. An analysis of the various items which compose the revenue will show that tolls amount to a formidable sum; and it is quite as certain that the planter *pays*, as that the Government *receives*

that kind of revenue. But says the *Times*, the planters get an equivalent. I reply that that is equally true of *all* revenue. The Government is not supposed to exact revenue for its private use, but for public purposes: not only the tolls, but all taxes whatever are, or ought to be, applied to the service of the country; and if not required for that purpose they ought not to be exacted to create a fund for the Secretary of State to pounce upon for Imperial ends. The special hardship which the planter suffers in regard to roads, has been pointed out already and it is very intelligible to the planters. Again the old Government excuse that estates are *private* property, is reproduced as if it had not been answered a hundred times; and as if the coffee interest, on which the progress of the country depends and which gives to the general public whatever importance it possesses, were not itself the chief of all public interests. A cluster of estates, forming the residence of from 5,000 to 6,000 people, and producing from £60,000 to 80,000 worth of coffee, is not a private interest in any sense of the term; and even smaller groups of estates, if formed as such groups almost always are, as the nucleus of larger districts, are essentially public interests.

The statement, so constantly re-iterated by the Government, of the vast amount of public expenditure which is devoted especially to the coffee interest at the expense of the general public, is very specious. It has an air of truth, but is radically false. What would the general public be without the coffee

interest? What would be the commerce, the exports, imports, revenues, society and Government of Ceylon: all in fact that gives it its present status, if the coffee interest were to be extinguished? The public interest is so bound up with the coffee enterprise, that for all practical purposes the two may be regarded as one. Far be it from me to seem to advocate the encour.gement of coffee at the expense of cocoanuts or any other industry; but, in answer to the argument of those who affect to believe that the coffee interest gets more than its due share of public expenditure as compared with what is supposed to be devoted to the general public, I ask, What would the general public and the Government itself become if that interest were destroyed?

In regard to the item of *Stamps*, you were correct in suggesting that my estimate was under the mark. Amongst the many cases on which my calculations were based, there was one in which a property owned by a wealthy man, had actually paid more than double the amount of my estimate on an average of the last five years. There is scarcely a planter in the country, however well off, who has not at one time or other had reason to feel that this item of taxation was often oppressive as well as vexatious.

It is curious that, though the *Times* Editor can see that the planters suffer by the high price of *rice*, he does not see that the import duty has the effect of raising the price! He denies that the planters'

taxation has been increased, though he must be aware that the export duties, which constitute nearly a third of the whole amount of the coffee-planters' taxes, have been levied only during the latter half of the period I have been reviewing.

The statement of the planter's case, and my estimate of his contribution to the revenue and of the proportion it bears to his entire income, will bear scrutiny; and I am satisfied that those who are acquainted with the subject and are disposed honestly to consider it, will agree with the opinion you have already expressed, that so far from there being any exaggeration, the case is understated.

I confess I cannot see any inconsistency in complaining of an unjust and oppressive tax, even though I were not prepared in due time to propose a more equitable mode of raising the requisite amount of revenue. If a tax be proved to be impolitic and unfair, the sufferer has a right to complain of it on those grounds; and it is the duty of the Government and not of the complainant, to devise wiser and more reasonable substitutes.

In proof of the severity of the trials of the planter during the last year, it would be interesting to compare the diminished amount of the crops which have been produced, with the increased extent of land in cultivation. The blue book ought to afford this information; but it is in regard to coffee statistics, as inconsistent and absurd as in those of the other products and particulars wherein I have had

to consult it. For instance the district of Udunewera is reported to have yielded nearly 36 cwts. per acre all round in 1865! Yattinewera, 31 cwts. per acre in 1862 and 40 in 1863. It would seem that Harrispattoo never gave less than 1 ton an acre; and in 1862 and 1863 it gave 24 cwts! Bulatgame figures at the modest rate of 3 cwts. per acre in 1863, but 25 in 1864! It appears that 1800 acres fell out of cultivation in 1866 in the district of Matella; and the fertile district of Badulla is reported to have given only 2½ cwts. per acre in 1863. Such statistics are utterly worthless for any *good* purpose, and could not possibly be turned to account for any thing but mischief; but though we cannot ascertain on authority the exact increase in the extent of cultivation during the last few years, it is in the knowledge of every one that a very broad extent of young coffee land has come into bearing during the last three years, and yet the crops of those years have been almost stationary, thus proving the great deficiency there must have arisen during those years, caused by the prolonged droughts we suffered.

In discussing the cases of the Paddy-grower and the Coffee-planter in the foregoing part of this correspondence, it has been shown conclusively that these two principal interests, on which the progress of the country almost entirely depends, are burdened with a most oppressive and intolerable amount of taxation: and that as regards the former, the old and vicious

system of collecting the tax, is even more injurious than its amount both these interests need relief and encouragement; and the fact that some other interests which we shall hereafter consider, enjoy an almost perfect immunity from taxation, makes the impolicy of overburdening these principal ones, the more conspicuous.

I rejoice to see that the planters are likely to receive, and to respond to, an invitation for the 17th February to meet and discuss their affairs. It is to be hoped that they will then meet on common ground, and that the only influence exerted will be that of sound argument. The occasion will be critical as well as interesting, and will either do a great good, or a serious mischief; for it will either enlarge and strengthen the Planters' Assciation; or it will revive old differences and confirm dissension. The motion which is to be made next session in Parliament, is too important a matter to be overlooked; and is a subject which especially requires to be treated on its own merits, and not as a *party* question. Let all agree that such feelings be sunk for the common interest. Let those who would rejoice to seize an opportunity for party triumph, remember that it could be purchased only by the defeat of another party, and would therefore be the cause of lasting disunion. It is not to be supposed, or desired, that opinions will be unanimous; but let the meeting divide on the measures and principles that are submitted for decision, and not on old party

questions. Any one who would throw into such a gathering a bone of contention, would deserve to be treated as a common enemy and receive no quarter.

There are many men in the Colony who feel deeply that the present form of Government is unsatisfactory and fraught with danger; and who nevertheless hesitate to advocate a change, because they are not assured as to the practicability of such a change as would be *safe* and suitable. The scruples of these men are worthy of all respect, and can only be removed by such suggestions and arguments as are based on actual experience. To such, I would recommend an attentive study of the various forms of Government adopted in other British Crown Colonies; and they will there find useful and safe precedents for salutary and most desirable changes in ours.

I had prepared a brief summary of the most important of these Colonial Governments for publication with this letter, but must defer it for another.

Letter XVII.

THE ADMINISTRATION OF CEYLON.

If honesty were not in *every* case the best policy, it would be especially so in the case of the Ceylon planter. That he is a borrower of British capital to a very large extent is too well known to be questioned, and it is equally certain that in so

far as he is a borrower he holds his property in trust for the lender. The fact therefore that his property is in excellent heart and condition is a proof that he is a faithful trustee and whatever losses he may have endured or whatever trials he may have undergone they have not interfered with the fulfilment of his duty to his obligor. He could not conceal the fact of his past losses and present depression even if he were so disposed, and it is therefore far better for him to make a faithful statement of his case than to allow nervous capitalists at a distance to indulge undue and injurious alarms. The fact that his securities have not suffered any deterioration will be satisfactory to the holder, and the fact that he endures excessive taxation will enlist the sympathy and aid of the good folks at home.

The gross ignorance of all that concerns the people and enterprise of Ceylon which prevails amongst our countrymen, of which Mr. Adderley's recent speech is a fair example and proof, is an all-sufficient reason why our affairs never engage their attention. All that is known about Ceylon in Parliamentary circles is from official documents, the burden of which is our increasing revenues and abundant prosperity! Judged by these glowing accounts and by the enormous votes of £160,000 per annum which are supposed to have been voluntarily contributed out of our overflowing wealth for our military expenditure, we might well be considered capable of the further contributions now contemplated. If therefore the local

Government will insist on proclaiming abroad our increasing revenues and vast resources, it becomes the duty as well as the interest of the people to show their friends the other side of the picture and to prove that these boasted riches are wrung from a suffering and oppressed people and threaten the destruction of Native industry and British enterprise.

Why do our Government maintain such profound silence in all their opening addresses and official documents on the sufferings of the people, that even the resident Europeans who occupy the grand front and centre of the country, are kept in ignorance of the misery that reigns in the background? A solitary traveller wending his way through a famine-smitten district may report the story of desolation and misery to his neighbour on his return. An isolated officer of Government from some distant quarter may report to the Government that in the space of six months the deaths by starvation of more than 8,000 persons in his district had been recorded at his Cutcherry, or that such and such villages had been deserted. But when are *these* events proclaimed? When is *this* side of the picture presented to public view? If 8,000 dogs had died in six months, the fact would have found a place in the chronicles of the time as a curious and interesting fact; but the death of 8,000 human beings comes to light after a time *casually*, with no other observation than that the actual mortality was probably more than double the number of reported deaths!

If the Government will continue to paint these *couleur de rose* pictures of Ceylon, it is the duty of some one to put a black border to them. Let *all* the truth be known and there will be an end of further demands on our resources and a beginning of sympathy with the real wants of the country. The good folks at home will give us a hearing when they become acquainted with our case, but they have not *yet* known more than one side.

It is impossible for an unprejudiced mind to consider the past action of the local Government and the present condition of the country and all its interests, without being convinced that there is some radical defect in the form of the Legislature. Without offering an opinion as to what precise change would be the best for our particular case, it is certain that *something* must be done in the way of reform.

The following table showing the relative importance of various Crown Colonies and their present forms of local Government, may be useful in suggesting modifications of our own. Ceylon stands at the head of the list in point of importance, and at the bottom in regard to the form of her Government.

BRITISH CROWN COLONIES: THEIR POSITION AND GOVERNMENT.

CROWN COLONIES.	Population.	Revenue.	Imports.	Exports.	FORM OF GOVERNMENT. Councils: Executive, Number of Members: Official.	Executive: Unofficial.	Legislative: Official.	Legislative: Unofficial.	Mode of Appointment of Unofficial Members.
Ceylon..........	2,049,728	978,492	5,022,179	3.565,157	5	0	10	6	Nominated by Governor.
Mauritius	183,506	646,730	2,141,350	2,629,519	7	0	7	10	Ditto.
British Guiana	148,907	379,392	1,508,560	1,845,351	†5	5	‡5	11	6 elected financial Members.
Jamaica	441,264	295,398	1,050,984	912,004	6	0.	6	6	Nominated by Governor.
Malta	146,930	168,373	1,601,014	1,109,284		?	10	8	Elected.
Trinidad	84,438	194,087	810,347	820,109	4	0	7	8	Nominated by Governor.
Hongkong	125,504	175,717	?	?	4	0	7	3	Ditto.
St. Lucia	29,444	15,987	70,758	107,321	4	2	6	7	...

The returns are chiefly for the year 1865.
† Called the Financial Combined Court.
‡ Called the Court of Policy.

Letter XVIII.

THE STATISTICS OF CEYLON AND ITS GOVERNMENT.

The disgraceful condition of the official returns in the Ceylon Government Blue Book, is a conclusive proof that the efforts of the Government have not been earnestly and dutifully directed to the equitable administration of the public service, or to the interests of the people. The statistics of a nation are to its government what his account books are to a merchant. These show the amount and distribution of his capital, the nature and extent of his stock and the profits or losses accruing in each branch of his business. National statistics in like manner ought to show accurately the number of the population, the nature of their employment, the extent of their means and the value of their products, in ignorance of which it would manifestly be impossible to adjust equitably the burden of taxation,—to develop the resources of the country,—to advance the welfare of the people, or to administer to their wants. A good government therefore will give its most earnest attention to its statistical records as the necessary groundwork of equitable and wise administration. Even the knowledge acquired by actual observation, or by the testimony of the best informed of the people, limited as the scope of such knowledge is, needs to be cor-

rected and supplemented by a comparison with historic records extending over long periods of time, before its full significance and value can be reliably estimated.—If therefore the national statistics are imperfect, confused and absurd it is simply impossible that the Government can be justly and efficiently administered. Their efforts for the encouragement of industry and for the welfare of the people must at best be directed by guess work; and they may inflict or perpetuate the most serious evils and injustice without knowing the fact or recognizing the consequences of their own mistakes.

In the case of Ceylon where the great bulk of the people have endured an unjust and oppressive system for so many generations that they conceive of no other, and where they are separated by race, language, and position, from the influential class who represent the capital and possess the chief intelligence of the country, the sufferers from misrule may endure their fate without complaining and die out gradually, unobserved and unheeded, under the rule of a paternal government which, looking only to the *amount* of its revenues, does not concern itself with the oppressive devices by which they are extorted, nor with the ruinous results they entail. One class may be thriving in the enjoyment of an almost complete immunity from the burdens by which their neighbours are being destroyed; encouragements may be blindly conferred in quarters where they are superfluous, whilst necessary facilities are

denied where they would confer unspeakable benefit. The prosperity of one class may serve to conceal the adversity of another, as that of the coffee enterprise has so long kept out of view the decline of native grain culture.—Neither the prosperity of one nor the depression of another class can be traced to their true causes, and the confusion and darkness which fill the pages of the Blue Book may fairly typify the gross darkness that obscures the interests of the people and conceals the mistakes of the Government. Seasons of drought, failed crops, and famine, may figure in the returns as periods of unwonted abundance and prosperity. Pestilences may destroy whole villages and decimate entire districts whilst the returns indicate a thriving population and a low rate of mortality. The people may suffer the most terrible visitations of national disaster, and may see their misfortunes mocked by returns which represent their numbers as increasing, and their condition as prosperous. This is no overdrawn picture of what has actually happened in Ceylon, but is fully verified by the facts adduced in my previous letters, and still more strongly confirmed by the evidence contained in the Irrigation Report.

It may be answered that though the returns of the Population and of Agriculture, are evidently inconsistent and absurd, that which concerns Commerce, the Customs returns of Exports and Imports, are both accurate and complete. But I ask, what is

there in these to indicate the condition of the different classes of the people, or the rate of mortality?—Do they indicate the failures of harvests and their causes?—Could we have learned from them the death by starvation of 8,000 people in a certain district within the space of six months, and was this not a fact worth knowing?

But the information derived from Custom House returns, however valuable, is far from being complete even as regards the subjects with which they deal. We may learn from them with tolerable accuracy the amount of coffee and cinnamon annually produced, because these products are almost all exported; but turn to the products of the cocoanut tree, the great proportion of which is consumed in the Island, and what is the value of the information you can acquire from the exports to an inquirer who would ascertain the total quantities produced, the condition of the growers, and the amount they contribute to the revenue? For this information, which especially concerns the *national* value of the enterprise, as distinguished from its merely *commercial* importance, it will be necessary to depend on the Blue Book; and the returns contained therein under this head will be found to be even more disgraceful than those of coffee, grain and cotton, to which I have previously referred.

It would be tedious and unprofitable to multiply instances in proof of the worthlessness of these returns. One or two examples will suffice. As re-

gards the Western and Eastern Provinces, where cocoanut cultivation is so largely carried on, the agricultural returns make no mention of it whatever !—The returns from the other Provinces are given under different denominations, some in sterling value, others by enumeration of the nuts.—In some it would seem the number of trees is given, and in others the extent of cultivation in acres, but in regard to this, there exists great confusion. For instance in the 4 gravets of Galle, where we have already found some very curious statistics, the returns of cocoanut cultivation are as follows:—

Year.		Acres.		Produce in Nuts.
1862	...	10,000	...	600,000
1863	...	100,000	...	1,180,000
1864	...	100,000	...	1,180,000
1865	...	100,000	...	1,180,900
1866	...	100,000	...	1,181,000

The regularity of these figures is not more remarkable than the two curious deviations therefrom. The sudden leap from 10 to 100 thousand acres in extent of cultivation in a single year, is a notable fact, as is also the simultaneous increase of the produce, seeing that cocoanut trees, except in this curious locality, take 8 to 10 years before they bear.—One would have thought that 10,000 acres was a large area for a single item of cultivation within the small compass of the 4 gravets of Galle; but this extent is added into the total acreage of the district and again into the grand total of the province, and therefore there can be no mistake as to what is meant. In the years 1863-4 and 5, the figures would seem to indicate the num-

ber of *trees,* because they are not included in the total acreage under cultivation; still there is no allowance made for them in the acreage and the additions simply overlook this item altogether!—In 1866 however, the whole 100,000 are included in the total acreage, which represents the extent of land under cultivation within the 4 gravets of Galle at 104,020 acres! The 1,000 extra nuts in this year exhibit a scrupulous attention to detail which would not have been suspected from the preceding figures. If all the other returns are not equally ridiculous none can be recognised as more reliable, for their inconsistencies are such as to prove them all wrong.

I am therefore for the present unable to deal with the case of the cocoanut cultivator. My intimate knowledge of coffee cultivation and my careful research into the particulars of grain culture, made me independent of the Government returns for the general statement of the case, as regards each of these principal enterprises; but the products of the cocoanut trees are so various and differ so much in particular localities, and moreover cultivation is carried on under such varying circumstances, that I find it necessary to postpone the consideration of this enterprise to a future date.

Another important matter which I had intended laying before you must also be deferred, until information which ought to have been afforded by the Blue Book can be ascertained from other sources. I refer to an analysis of the revenue showing the pro-

portion in which each item is contributed by each class of the people. It was constructed with special reference to the inquiry to which these letters have been devoted and was intended for publication with them. But though I have taken great pains and have resorted to several collateral checks to arrive at an accurate estimate of the population, there are yet some points in doubt which I shall endeavour to clear up, in order to make my analysis reliable and complete. The result, however these points may be resolved, will not sensibly affect any of the conclusions contained in the foregoing letters, and will be a remarkable commentary on His Excellency's statement that the Europeans contribute an infinitesimal proportion of the revenue.

Accurate returns of the population and products of the country duly detailed and classified would of course be a necessary basis of any redistribution of the burdens of taxation. The want of such returns deferred the abolition of the paddy renting system in the time of Sir J. E. Tennent, when it was universally condemned both at home and here as impolitic and iniquitous. But though it would be manifestly impossible to construct a new system on just principles without the elementary information on which alone such a system could be based, enough may easily be seen in the large extent of untaxed enterprise to prove that if the existing burdens of taxation were equalized a vast relief might be afforded to the overtaxed classes without the imposition of any into-

lerable burdens on those who now *really* contribute only an infinitesimal proportion of their income to the revenue.

A serious drawback to the progress and prosperity of the native races in Ceylon is the great gulf which separates them from the sympathies of that high and influential class who represent the British capital and enterprise of the Island. Though these are imbued with the high and noble principles which distinguish our countrymen generally; are earnestly desirous to advance the welfare of mankind in the widest sense; and possess the intelligence and independence common to educated gentlemen, yet their sympathies are not brought into action. They are not permanent residents in the country and are therefore strangers to the people and their affairs. The few natives with whom they come into contact do not represent either in character, condition or pursuits, the body of the people and are little calculated to inspire an interest in their race. The class therefore whose intelligence and influence, if brought to bear on native interests, with which all other interests are so intimately bound, might procure salutary reforms and effectual redress, are almost perfectly ignorant of all that concerns the condition of the native community. The responsibilities which their superior influence and position would impose upon them in their own country are not here recognized. But I would ask my fellow countrymen who have come here to make their fortunes whether it is competent to them

to ignore the obligations which are imposed alike by their christian principles and their superior intelligence? Might not their Chambers of Commerce and Planters' Association extend the sphere of their inquiries beyond the mere exigencies of commerce and coffee into matters affecting the condition of such native classes as the grain growers? Might not the vigilance that suggested increased observations of the rainfall, for instance, have wisely and humanely extended its application beyond the coffee districts into those where grain is grown and where the very existence of the people almost depends upon the adequate supply of the precious element? Considering the great influence which a good or bad harvest is known to have upon the immediate condition of even our own rich country, it seems strange that European residents should have shown so little interest in the harvests here where their influence must necessarily be greater, though it may be less observable.

It is a hopeful sign of the times to see the formation of an Agricultural Society headed by men of such high culture and large benevolence as Messrs. H Dias, Jas. D'Alvis, and their colleagues; and it is to be hoped that they will invite amongst them as many influential Europeans as may be induced to join their ranks and share their labours.

After all, however, the form of the Government is the most fatal barrier to the certain and permanent elevation of the native and to the progress and pros-

perity of the Island. Let us consider it under its separate heads. The Governor; the Officers of the Public Service; and the Council.

Letter XIX.

THE GOVERNOR; THE OFFICERS OF THE PUBLIC SERVICE; AND THE COUNCIL.

The Governor, appointed from home, is generally a stranger to the country and entirely unacquainted with its people and interests. Required at once to take the helm of affairs before he can possibly have acquired any knowledge of his own, he is necessarily dependent for his information on his official allies or other sources. The action he may take and the policy he may pursue, so far as these are not dictated by the Secretary of State, will therefore depend on the advice he has adopted and on the parties with whom he has chanced or chosen to confer. One will confide in his natural adviser and ally, the Colonial Secretary. Another will assert his independence of all official restraint or influence. One will seek information wherever it may be reliably obtained; and will make certain of knowing both sides of every question. Another will give his ear to those seductive counsellors, who, knowing the value of Court influence, are ever forward to proffer information, advice and service to a new Governor. The immediate destinies of the country and of many individuals hang on the chances of

his temper; the accidents of his position; and the choice of his advisers. A wise Governor will reason, that persons who are profuse in their adulation may have ends to serve; that unsolicited opinions are not likely to be quite disinterested; and that offers of service are almost certainly intended to create an obligation; but all new Governors are not wise, and therefore the interests of a nation should not depend on the contingency. It would be far more salutary and less embarrassing to a Governor, to receive the honour and respect which are tendered by honest, disinterested loyalty, than to be exposed to the fulsome flattery inspired by interest and expectation. It would, on the other hand, be infinitely less hazardous to the interests of two millions of Her Majesty's liege subjects if the head of the Government were surrounded by such constitutional restraints as would place him above the imputation of favour, and the people beyond the temptation to servility. The Governor, however, concentrates in his own person all the power of the State, without either restraint or responsibility. He is the dispenser of place, patronage and promotion; and has the virtual disposal of the Revenue. Every individual and every public body in the country, must depend for the benefits they may desire, or for the redress they may seek, on the will and pleasure of the Governor.

The arrival of a new Governor is, therefore, the signal for a new set of hopes and fears throughout all classes of the community. Those who have been in

favour, scheme how they may best retain their supremacy, whilst those who have been neglected hope their turn may come. Inquiry into his antecedents and speculation as to his policy, occupy and excite the public mind before his advent; and on his arrival, each word and act however insignificant is studied to ascertain his proclivities.

A new Governor usually makes such mistakes in the beginning of his career as all men are liable to make in matters to which they are entirely strange; and he seldom remains long enough in the country, or has sufficient courage to correct them. He rarely holds his office more than four or five years; and leaves the Island just as he begins, if he has been very industrious, to acquire a tolerable acquaintance with its wants, and the circumstances of the people. Sir Henry Ward was a conspicuous example of earnestness, ability and devotion to the duties of his office, yet it is evident from his minutes that his original ideas of the Natives and their wants, derived of course from his advisers, were not entirely corrected even by his acute and large observation, until the greater part of his time and opportunities had elapsed. He, like too many of his countrymen, began his career with notions of native apathy and indolence, though he did not offensively publish such opinions; but he ended by confessing that the fault was in the Government; and was a blot on our escutcheon. It is a favourite plea of those who would justify neglect of native interests, that Sir Henry Ward erred in his first efforts on their behalf;

but even if it were granted that he did not begin with the most effectual measures, he paved the way for them; and it is far more respectable to err in an honest endeavour, than to be content with a miserable excuse for doing nothing. Moreover, in the absence of accurate statistical and historical information, the first efforts of the most enlightened Governor must necessarily be tentative. If, however, like Sir Henry Ward, he should remain long enough to discover, and be sufficiently honest and courageous to confess the errors with which he began his career, he cannot be certain that his successor will be wise enough to profit by his experience, or to prosecute the projects of his matured judgment and studious attention. His successor, like Sir Henry's, may abandon his well-devised schemes and find it convenient to close his eyes to all such local wants as would require any large amount of the public money. Instead of relieving the wants which Sir Henry had begun to discover and to deplore, his successor ignored them; and left it to the Governor of a later period, to begin anew with the erroneous opinions which had caused the loss of half Sir Henry's reign, and with schemes even less adapted to meet the wants of the people than Sir Henry's first attempts.

How, in the face of the varying policy of each successive Governor, can the Natives have confidence in the permanence of any plans for the amelioration of their condition? Is it to be expected that the people will undertake any formidable work,

or incur any serious obligation on the faith of a Government scheme, when the whole value of such work and the sole means of discharging such obligation depend on the permanence of the arrangement? Are the people ignorant of the Manaar affair? Will they trust in the sincerity and good faith of a Government which denies the obligation under one head which it pledged itself to under another?—Is it possible the people of Magam should ever again believe in the certain fulfilment of any Government engagement whatever?

With his official majority in Council and his paramount influence over all the Government officers, the Governor of this Island is clothed with a power in the State and a control of the public money which are practically unlimited and irresponsible: a power which may serve to surround him with flatterers, and to make his progress through the country, if he should choose to travel, a continuous ovation, but which is neither conducive to the public welfare nor consonant with the principles of good government. Such power might be conferred safely or unavoidably on the Governor of a petty colony, or mere military station; but ought not to be vested in any individual ruler of a colony like Ceylon, with a population of two millions and a revenue of a million sterling. That the abuse of such power is not more frequent nor more flagrant, is due to the high principles of honour and honesty which characterize our countrymen; but nevertheless the history of Ceylon proves, that the best

interests of the people have been sometimes largely sacrificed to the personal aggrandisement of her Governors. Popularity in the Colony or in Downing Street is so influential in procuring promotion—that the temptation to secure it by means so ready may often prove superior to considerations for the interests of the Colony. Besides the one may be accomplished by a single stroke of policy or by a few judicious measures, whereas the other involves a slow and tedious process and requires long and persevering labour. Hence we have seen the interests of the Colony ruthlessly neglected and sacrified by one Governor to please the chief in Downing Street; and we have also seen local popularity purchased by another by the creation of numerous new places and appointments, which have permanently burdened the revenues of the country without any adequate return. A Governor of Ceylon with the powers he wields is peculiarly exposed to such temptation; for, there is but a small section of the community whose opinion of his rule is either heard or heeded; and he possesses certain means of ensuring the favour of this section, so long at least as the Treasury is in funds or credit. The sanction of a new road or even the promise of its favourable consideration, will *for the time*, make him popular not only with the people whose interests the road would serve, but with the still greater number who, having like interests elsewhere, hope for a like consideration. The creation of a new appointment is similarly effectual. Not only the lucky nominee and all his

friends rejoice in praise of the patron, but a host of expectants look with new hopes to the fountain whence such favours flow. Such means are far more speedy and effectual than the slow process of earning the gratitude of all classes of the people by zealous devotion to the true interests of the country; and whilst their present effect is certain, their future evil consequences will be but slowly developed, and may never be recognized. Our present ruler has created new appointments to the extent of, I believe, more than £12,000 per annum; the burden thus imposed upon the revenue is not yet felt, but in the meantime His Excellency has thereby acquired a high degree of popularity the secret of which is not generally known. It remains to be seen, perhaps several years hence, how many of these new places will stand the next revision of the Civil list. The sinducement to acquire a high reputation so easily and po speedily by a Governor whose term of office is necessarily so brief, is a serious temptation, especially when compared with the prospect of gaining his laurels by the persevering and arduous labours necessary to devise and carry out measures adapted to meet the intricate difficulties and pressing wants of a large population of various races. The benefits accruing from such labours, though vital and lasting, are necessarily slow and gradual.

Irrespectively however of any possible abuse of power for personal considerations, the unrestrained ower of the Governoir s most dangerous to the pub-

lic interest. He may hoard the revenues for Imperial demands, squander them in new appointments, or pawn them for future liabilities at his pleasure. There is no check on such proceedings. They have all happened in our recent experience. To the public it is immaterial whether or not such acts are instigated by the Secretary of State, as it is by the Governor that they are carried into effect, and they are only possible by virtue of the uncontrolled power he possesses.

The Officers of Government interpose but a very slight check, if any, on the personal power of the Head. His influence over their future prospects gives him command of their silent concurrence, if not their active, hearty support in every matter. They are *naturally* more ready to chime in with his views, than to advance unwelcome doctrines or to oppose his wishes. The public interests are therefore practically subordinate to his private views; and the men who are best informed, defer to one whose opinions can rarely ever rest on so long an experience or so intimate a knowledge as their own.

The character and qualifications of the Officers of Government as a body, have been very fairly pourtrayed by Sir H. Robinson in his Despatch on the League petition, in terms which prove that they are entitled to a far higher, and more active influence in the counsels and administration of the Government, than they possess. Comparing their present uninfluential position with the claims set forth on their behalf, it must be intensely humiliating to

them to feel that they are not only powerless of themselves, but are mere instruments, and often very unwilling ones, in giving effect to measures they disapprove and expression to opinions they do not hold, in forced deference to a Governor or Secre tary of State, who ought rather to be guided by their advice than to impose his own. Their most earnest remonstrances and wisest counsels on behalf of public interests may lie, like waste paper in the Government offices, unnoticed and unknown, unless perchance brought out years afterwards by some public inquiry or Sub-Committee of the Council. Whether they plead the cause of a district whose urgent necessities are testified by thousands of witnesses who have sealed their testimony with their lives; or whether they suggest beneficent projects which would profit the Government as much as they would bless the people, all are alike unavailing! If conscientious and indefatigable officers of the public service, who have in the discharge of their duty been brought face to face with the suffering people and have learned their wants, could have gained the ear of the Government or exercised their proper influence in the Councils of the State, we should not now be deploring the decay of native Agriculture and the decline of the rural population. Nor should we be witnessing a feeble and penurious experiment to remedy the accumulated neglects of many generations, and to stem the tide of misery consequent thereon throughout the rural

districts. We should probably have been by this time independent of foreign supplies of grain. The true condition of the people would not have had to be learnt by evidence wrung from the Government by means of a public inquiry, but would have been known long ago upon the testimony of conscientious, faithful public servants; and humanity and christian principle would have prevailed over neglect and misrule.

Considering the numerous and urgent appeals of the Officers of Government on behalf of native Agriculture which have been brought to light by the recent Irrigation Inquiry, and the total neglect iu which they have lain for years in the Government offices, it is evident that Ceylon does not, nor ever can under the present system, derive the proper advantage from the able counsels, local knowledge, and administrative services of the public officers. What inducement have civilians to duty and exertion under a system which admits of their best suggestions being burked; and of their services being unknown to the public whom they serve; and of their zeal being reprimanded? How much more effectual than devotion to the public interest, is servility to the head of the Government, as a means of advancement under such a system.

The servility to which the present system tends has, like all the other evils I have specified, been remarkably exemplified in the modern history of Ceylon. We have seen conspicuous examples, even

amongst high officers of the Crown, of the fullest development of this sad weakness. A gentleman distinguished by abilities of the highest order, and universally esteemed for his liberal principles and enlightened views, was raised some years ago to a Government office of dignity and emolument. Behold him now devoting his lofty talents to animadversions upon the conduct of those of his early friends who persevere in the principles he has recanted; holding up to contempt the opinions and views he himself held when he was equally independent; and fawning upon men who have heaped contumely on his race. This is the natural fruit of the system.

There is perhaps no part of the system of government in Ceylon so injurious to the public interests, especially to those of the native races, as that which reduces the whole Civil Service to practical subserviency to the individual will and pleasure of the Head.

The Legislative Council far from affording any check upon the personal power of the Governor, is the instrument by which he is enabled to divest himself of the responsibility of his own acts. It is there that his own absolute will (or that of the Secretary of State) receives the form and semblance of legislative sanction.—There the chief officers of the Crown attend ostensibly to discuss, but practically only to confirm the measures he submits.—There the representatives of the public must

helplessly commit, but cannot possibly serve the interests of the people.—It is in the Council that the full plenitude of the supremacy and irresponsibility of the Governor asserts itself and is established. To the official members the Council affords no opportunity of expressing their own views or using their legitimate influence. Their extensive experience and local knowledge are of no avail there to the public interest. They have the privilege of saying what they please in *favour* of the Government measures, or of keeping silent; but unless they obtain a gracious permission, such as is sometimes accorded ostentatiously in regard to some measure about which the Governor has no care they are to hold themselves in readiness to pass the Government measure, nolens volens. Occasionally a contumacious official under inspiration of conscience, may utter an unwelcome opinion, or give an adverse vote, and some fine fellows have expiated such offences in the chill and cloudy climate of Coventry; but such instances of opposition to the presidential will are rare and are provided against by a large margin of official majority.

The Legislative Council as a body knows literally nothing whatever of the services or opinions of the subordinate officers of Government scattered throughout the Island, and therefore the only chance of their merits being recognised or due promotion being accorded, must depend upon the chances of

their attracting the attention of the Governor, and of his estimating them impartially.

A small minority of lay members are admitted to make a show of popular sanction to the proceedings, and the public pays very dearly for their presence. If every one of their number were proof against the blandishments of the Court; and if they were unanimously opposed to a Government measure, it would still be safe by the official majority. The more stoutly the lay members may have opposed a measure in its passage through the Council, the less right the public have to complain of it, for they have had their ineffectual say and should be satisfied. But for the presence of these representatives of the public, the responsibility of all measures would lie on the Governor, and the Council would no longer be a mere clearing house where by an ingenious device every one is acquitted of all responsibility.

The Secretary of State, by virtue of the proceedings of this mock Legislature, is entitled to rise in his place in Parliament and announce with well-feigned satisfaction, that such and such sums have been liberally voted for the Military Expenditure (or what not) by the Legislative Council of Ceylon. He durst not there declare the fact that he himself had ordered those appropriations; and his listeners are too ignorant of our affairs to know or care that the words he utters, though true to the ear, are false in fact, and that the Legislative Council had no choice in the matter.

The Legislature, whose chief function is to provide against abuse of power and to afford constitutional checks between the several estates, is itself the very instrument of the abuse it ought to prevent; and the only check it knows is the checkmate the Governor there gives to all other elements of power in the realm.

As to all that concerns the action of the Governor and his officials in the Council, the public, including their representatives, are completely hoodwinked. They hear the Governor's words and they see the line of policy he traces out; but whether the sentiments he utters are his own, or whether he, like his officials, only acts a part, is always doubtful. So far as the public is concerned, he and his chief in Downing Street are one. Both are equally screened from responsibility by the mock proceedings of the Council; and both exert their will through the same instrumentality of the Governor's individual power. Whosesoever the will may be in each particular case, it is by means of the power vested in the Governor that it is carried into effect; and it is therefore to that power the people have to ascribe the impotence of all other powers in the colony. The public are now expressing their indignation against encroachments by the Secretary of State. Formerly, as in Mr. Ackland's time, and since, the complaint lay against the Governor himself. The public hears the speeches of the official members; but can never know how far these accord with the

sentiments which the speakers and *others* would utter, if they were free to express their own opinions fully.

In fact, the Legislature is a very bad play with much confusion of parts, in which the public has no voice; the officials have no influence; and no one has any responsibility. Whether regarded from the official or the public point of view, the Legislature is delusive; irresponsible; and unconstitutional. Under the present system, a particular class or enterprise may occasionally afford an appearance of prosperity; but the only hope of efficient Government; of a persevering policy and steady progress, as regards all classes and interests of the people, is in a reformed Legislature.

The arbitrary, irresponsible power of the Governor is an embarassment and a snare to himself; it paralyzes his Council; demoralizes the Civil Service; and, endangers every interest in the Island. Its tendency is to tyranny on the one hand: and to sycophancy on the other.

Before closing, I wish distinctly to record my opinion that the Irrigation scheme which was conceded under pressure last session, is as I conceive, radically wrong in exacting a new water-rate, and will hence encounter a strong prejudice on that account, as well as the misgivings as to their permanency and sincerity with which natives regard Government schemes generally. The Maha Modliar may elicit favourable opinions and demonstrations during his progress through the country, but I fear no per-

manent good will result from this experiment; I am willing however, equally with yourself, to wait the result of actual experiment.

With this letter I close the correspondence for the present, with the intention of resuming it after a certain interval.